



World Public Opinion: The Gathering Storm

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Foreword

Recession? Depression? Let's Call It a Disruption...

Welcome to the first world public opinion report from the Ipsos Global @dvisor. Ipsos Public Affairs decided to produce this report because demand from our clients for more insight into world public opinion matches with our own belief that, in this time of global economic crisis, it is important for “**experts not to remain silent**” (with deference to Ipsos Co-President Jean-Marc Lech).

So, onward we go...

There's at least one significant myth that needs to be "busted" when it comes to how the Global Village is responding to the economic crisis. The truth is that while economic confidence has crashed around the world, it doesn't mean that economic issues have completely eclipsed the public agenda. That's partly because there's a disconnection between what the average citizen is feeling in his or her own life, and what they are hearing about the state of the economy.

Let's face it. The collapse of Lehman Brothers and the global credit crisis didn't immediately impact the average consumer, but we argue that the crisis in economic expectations that they created are now feeding through into real impacts for businesses, jobs and family finances. A hyper-active business media, which didn't exist at the time of the last major recession, has helped to whip up EXPECTATIONS of the doom to come. And, this sense of doom has been heightened by politicians doing a volte face on their role in a "free" economy. So, if the business community is panicked, and our political leaders are panicked, then Global Citizens feel that the correct response is also to panic. And, it is this last panic that is one of the true sources of today's economic crisis.

To use a shopworn phrase, perception is reality, and the public is preparing for a tsunami of economic woe. Three-quarters of the 22,000 respondents we surveyed said they are cutting back their spending because of fears about the economy. The irony here is that the very act of cutting back is CREATING what the public fears most: a full blown, deep and long-lasting economic decline. And, the job losses have now begun...

So, whether we call what is happening to the economy today a recession or a depression, in our view neither term accurately describes what has happened to public opinion. We submit that a better term for what has happened to people's perceptions might be "disruption". What's happened is that the public has had their confidence in the economy "disrupted", as described above. And, the net effect of this disruption is to help cause the economic decline that everyone fears. To reverse this course, political leaders need to deal most importantly with the question of public confidence. And, to this point, the remedies that have been offered have only reinforced the perception that the economy is in trouble.

There are some strategies that governments should consider in dealing with the prevailing mood of fear. The most important is to communicate a sense of hope. There's a need to understand that even a little good news that bucks the trend could be helpful. Celebrate the economic successes that do occur, and be quick to jump on any good news. This doesn't mean being a Pollyanna; it means giving a more nuanced view of events. We have too many gloom-merchants at the moment, and unless the psychological trend is reversed, the decline will worsen.

And, what does the public want to hear about? It's three words – JOBS, JOBS, JOBS. A few companies are hiring. And, the massive public sector stimulus should also lead to some job creation. In both instances, it's important for the public sector to communicate these facts. And, as we have noted, they may help to restore some of the public confidence that we so sorely need.

Finally, a word of thanks to all of those on both sides of the "Pond" who work so hard to produce Global@dvisor. In the US, it's Paul Abbate, Clifford Young, Michael Gross, and Sara Cappe. In the UK it's Bobby Duffy, Gideon Skinner, Daniel Cameron, Milorad Ajder, Antonia Dickman, Graham Keilloh and Lee Savage. While this is the first comprehensive edition of the report, it is our fourth wave of data collection. Previous waves have been reported through various White Papers and releases with major media outlets. These White Papers, press releases and summary slide presentations are all available on our website, www.ipsos.com. If you're interested in learning more about Global@dvisor, please contact Paul Abbate at paul.abbate@ipsos.com.

Darrell Bricker

Chief Executive Officer

Ipsos Public Affairs

Summary

John Maynard Keynes – a man now very much back in vogue – once challenged a critic, “**When the facts change, I change my mind. What do you do, sir?**”. He’s not alone: events change people’s perceptions, and it will be no surprise to learn that the economic crisis of 2008 has had a significant impact on global public opinion.

A global fall in economic confidence

What may be surprising is the depth and breadth of the impact. Overall, economic confidence has almost halved among the online public covered by the Ipsos Global @dvisor study, and there has been a fall in almost all of the 22 countries covered, with only Brazil really bucking the trend. Even the two other great economic success stories of recent years – India and China - have seen dramatic falls in consumer confidence, although they have not yet reached the absolute lows seen in Western countries such as France, the United States, Britain, and Italy, or the Asian economies of Japan and South Korea.

Concern about the economy is obviously linked to worry about jobs, and unemployment has now risen to become the top issue worrying the world, taking over from crime and poverty and social inequality. Again, worry about jobs has risen in most countries and most regions, suggesting that this really is a global crisis and so – perhaps – requires a global response. In fact, what may be most worrying for governments and businesses across the world is that fieldwork was carried out in November 2008, when the main emphasis was still on the crisis in the financial markets and the credit crunch. What is going to be the impact on consumer confidence now that the effects are being felt on the ‘real’ economy, and stories of job losses dominate the news?

But still belief in benefits of globalisation – for now

Having said that, many people stay constant to more deeply-held beliefs, and not all is doom and gloom. It is interesting that despite the economic crisis, consumer citizens still feel that globalisation overall has benefited their country. At this stage, it seems, there is no desire to throw the baby out with the bathwater – although again, of course, even this may be challenged as people begin to see the impact of the global slow-down on their daily lives.

We have discovered two underlying dimensions that seem to drive people's attitudes towards globalisation and big business. People can be grouped by where they stand on two axes: do they believe globalisation and international trade to be a good or bad thing, and are they in favour of more or less regulation? So for example, there are two groups both strongly in favour of globalisation, but with very different views on how much it should be regulated by government: the "controlled globalisers" and "the free-market traders". There is also a segment we have called "critics of capitalism", those who are relatively negative about trade and big business, and who are in favour of stronger state control. Understanding the dynamics between these opposing values, and the relative size of each segment in each country, will help governments and business both formulate and communicate their response to the economic crisis.

It's not just money money money – social issues matter

It's also important to remember that it's not just the economy (stupid). There has been a lot of interest in recent years in wellbeing indicators that include measures of the environment, physical and emotional health, socio-cultural and political factors, to mention but a few. And this is not just an academic debate – governments and international institutions such as the OECD and EU are looking at this, as well as the existence of Bhutan's Gross National Happiness Measure. Our Global @dvisor data certainly suggests that there is no automatic link between a country's GDP and levels of reported happiness: you don't have to be rich to be happy (although it helps).

Similarly, although unemployment is the number one worry across the world overall, there are country-by-country differences. Jobs are the number one issue in Barack Obama's in-tray, but just over the border Canadians are most concerned about health care. Across Latin America crime and violence is the most pressing concern, while corruption is also a major fear in many emerging markets. In Europe, the British and Dutch worry most about crime, with unemployment the top concern in France, Italy, Spain, Sweden and Turkey.

Are we meeting citizens' expectations?

It is important for governments to understand their citizen's priorities both to ensure they can address them, but also so that they can get the credit for doing something about them. In the UK, Ipsos MORI has discovered a perception gap where, despite objective improvements in many public services, dissatisfaction remains high. This can be down to many factors: rising expectations and comparisons against private sector standards, the influence of the media, or a local-national divide. However, it can also be down to a simple lack of understanding on the part of government and public services of the priorities their citizens and service users really want them to focus on.

Global @dvisor suggests there is a similar "pessimism gap" in many other countries across the world. Just as there is no strong relationship between happiness and GDP, so do we find a large gap between relatively high levels of personal happiness and yet low satisfaction with the direction people think their country is taking. A group of five countries show us the way to go: Sweden, Australia, Canada, India and the Netherlands all manage to combine both high levels of personal happiness with confidence in the way their country is going. On the other hand, there is a particularly large "pessimism gap" in the emerging LATAM economies of Argentina and Mexico, and also richer countries such as the US and Italy. Perhaps most worried should be the governments of Britain, Turkey, Japan and South Korea, where there is both dissatisfaction with the direction the country is taking and low levels of personal happiness. However, every government in every country needs to ask itself why its citizens are so critical when they are happier in other aspects of their life. Is it psychology – a natural human bias towards optimism in our own lives and healthy scepticism towards our leaders – or are there wider lessons to learn for politicians and policy-makers?

Do we still care about the environment?

It's impossible to talk about global priorities without discussing the environment and climate change, and there seems to be a clear split here between newly industrialised countries (especially in LATAM and India and China) and the more established economies of North America and Europe. In emerging economies such as Argentina, Brazil, India and China, people are living through a period of rapid development, and at the same time environmental concern is very high. This also seems to be linked with high feelings of individual responsibility in these countries. In Europe and North America, on the other hand, there is relatively less concern about the environment, but also much less emphasis on the impact that individuals can make by changing their daily habits. This may be due to higher environmental standards in these countries, although alternatively it may reflect 'green fatigue' and a passing of the buck to governments and business. In any case, it is clear that people across the world expect more leadership and action from government and business – otherwise there is a danger that people will not translate their concern into changed behaviour.

What does this mean for business?

Finally, how should business react to these changing times? They face a world where concern about the economy is growing, although as yet the online public still believes in the benefits of globalisation. Trust in businesses and their CEOs is low, and most think that some regulation of business is necessary, but there is also a demand for businesses to take more of a lead in demonstrating social responsibility and concern for the environment and sustainable development. The one thing, therefore, we can say with confidence that businesses should not do is use the economic downturn as an excuse for turning away from engaging with the wider world. A company's reputation, and understanding the factors involved in managing that reputation, has a clear impact – even for the most 'hard-nosed' concentrating on the bottom line - both now and in the future.

What's worrying
the world?

The economic downturn has had a clear and significant impact on consumer confidence around the world, which has almost halved over the last 18 months. The downturn is felt in almost every country, both emerging and established markets, with only Brazil seeing optimism continuing to rise.

This has also had an impact on people's priorities, with unemployment and job losses becoming the top worry across the world (although, as yet, there is little sign it is changing consumer citizens' minds about trade towards protectionism – though this may change).

Having said that, the situation is not the same in every country. Unemployment is the top issue in the US, while crime is the main concern in Latin America, and many emerging markets are worried about financial and political corruption.

There are alarming signs that fear about the future of the economy and job prospects is leading to people cutting back their day-to-day spending. While this may make some governments feel that urgent action is even more necessary to reduce the length of the recession, it also underlines how difficult a task this will be.

Economic uncertainty

Recent months have been extremely turbulent in the world economy, with a 'credit crunch' in international money markets, stock market collapses, and a negative knock-on impact on a succession of financial institutions and employers. The IMF expects global growth to decline from 3.4% in 2008 to just ½ per cent in 2009¹, and in fact more recently its Managing Director Dominique Strauss-Kahn has suggested that even this may be optimistic, as a "third wave" of the crisis hits low income countries in their turn after the impacts felt first in the advanced economies and then emerging markets². Governments, international institutions and businesses both large and small face testing times after years of growth, as the report from the 2009 Davos World Economic Forum Annual Meeting makes clear:

"When leaders of the G20 countries – which combined account for almost 90% of world GDP and 80% of world trade – meet in London in April, they will face a set of economic challenges unlike any encountered by global decision-makers since the Great Depression."³

But of course this is not just a crisis for global leaders to deal with, it has an impact on global citizens as well, and our latest Global @dvisor research shows that these economic difficulties are making a significant impression on people's priorities around the world. In turn, these perceptions will drive behaviour, so decision-makers will need to understand these views before they can start to shape them.

Economic confidence has fallen sharply: pessimists outweigh optimists by more than two to one, a major turnaround from the picture 18 months ago. The world downturn has almost halved Global @dvisor's measure of consumer confidence from 55% to 31% since April 2007. What's more, as shown in the chart overleaf, the situation is getting worse in every region across the world (with the notable exception of Brazil), confirming that this is a truly global crisis.

Some of the sharpest falls have been seen in major Western economies such as Great Britain, Spain, Australia, the US and Canada, but there has been an equally dramatic plunge in China, and even India is not immune – although it remains the most positive country overall. There is little sign then that the established Western economies will be able to rely on newly industrialised countries to save them from recession. In the case of LATAM the overall stability in confidence levels disguises that economic confidence has fallen significantly in Argentina and Mexico, with Brazil the only country strongly bucking the global trend.

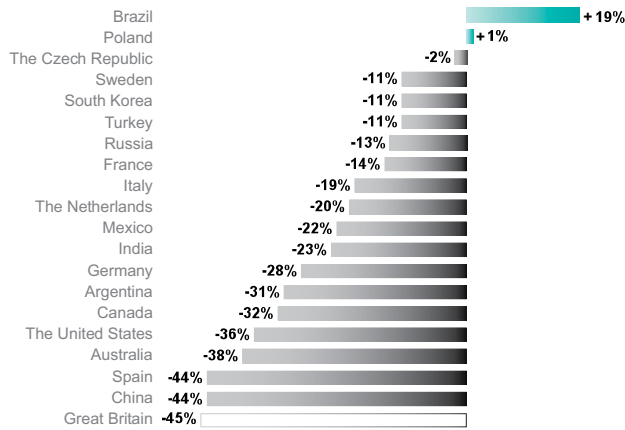
1 IMF World Economic Outlook Update, January 28 2009

2 <http://www.imf.org/external/pubs/ft/survey/so/2009/NEW030309A.htm>

3 http://www.weforum.org/pdf/AM_2009/AM2009Report.pdf

A global fall in economic confidence

Change in those describing their country's economic situation as good, April 2007 – November 2008



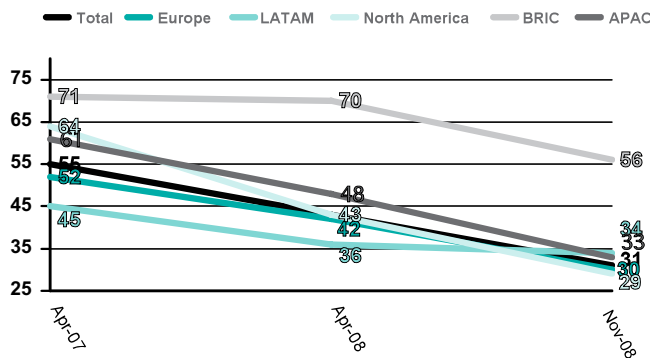
Base: c.22,000 online consumer citizens, November 2008 Source: Ipsos Global @dvisor

Looking at absolute levels of economic confidence by region, there seems to be a pattern of 'BRIC' versus the rest of the world. People in the emerging economies of India, Brazil and Russia make up three of the top four most upbeat countries, and China is ranked ninth, despite the overall pattern of decline. The five countries with the lowest level of economic confidence are Japan, South Korea, Italy, Britain and the US.

Economic meltdown by region

Now thinking about our economic situation, how would you describe the current economic situation in (COUNTRY)?

% Very good + somewhat good

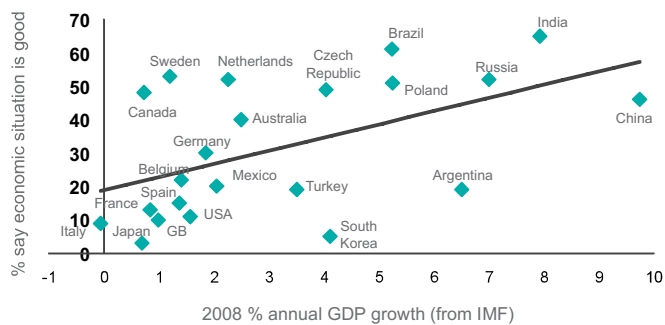


Base: c.22,000 online consumer citizens, November 2008 Source: Ipsos Global @dvisor

Higher confidence in BRIC countries is likely to reflect the optimism associated with their rapid economic growth in recent times (and it should also be remembered that Global @dvisor is conducted among elites in these countries who may feel more secure about their future). This is demonstrated when we plot people's perceptions about the economy against actual growth rates, taken from the IMF. In general, as we would expect, countries with the highest growth rates are most confident (for example, the BRIC economies), although the pattern is not perfect. Despite relatively high growth rates in Argentina, for example, the mood there is very pessimistic, while in Sweden, the Netherlands and Canada economic optimism is higher than might be predicted given their levels of growth. In fact, if anything the relationship is slightly stronger with predicted growth rates for 2009, suggesting that consumer-citizens are also taking likely future events into account.

Economic growth and economic perceptions

Now thinking about our economic situation, how would you describe the current economic situation in (COUNTRY)?



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

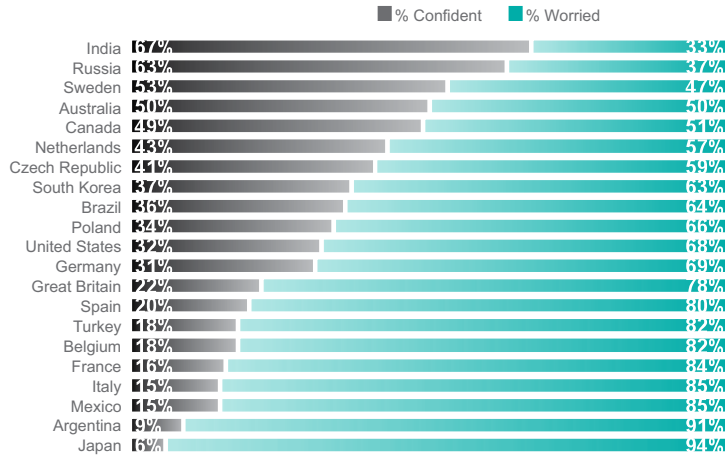
People are also worried about the social and economic future of their country, again especially in the Latin American countries of Argentina and Mexico, and in the developed economies of Japan and much of Europe. There are only three countries where optimists outnumber the pessimists: India, Russia and Sweden, though Australia and Canada are not far behind.

Having said that, a note of caution should be observed: although high, apprehension about the future has not got significantly worse over the last 18 months. There are two possible alternative reasons for this. First, there may be a lag between changes in the wider economic mood and the 'real' impact on significant numbers of businesses and individuals. On the other hand – remembering that this sample is more in touch with global events – it may be because back in 2007 the online public were already anticipating future difficulties.

Furthermore, as we often find, people are more optimistic about their own personal standard of living - though this is likely to be a demonstration of the human tendency to underestimate the likelihood of unpleasant events happening to them. Again, whether this will last as the downturn moves from being a financial crisis to one that has a more visible impact on jobs and standards of living remains to be seen.

Feelings about country's future

And, when you think about the social and economic future of your country, are you...



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

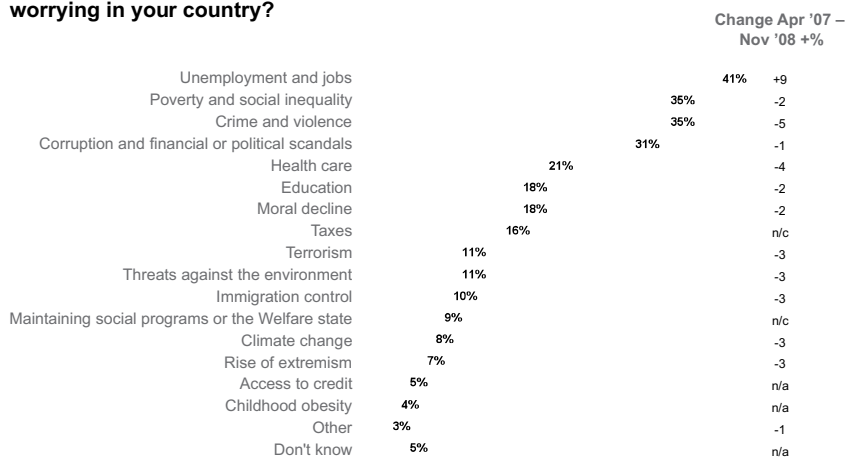
Unemployment and jobs are the top priority

As the economic downturn has been dominating headlines for more than a year, it is unsurprising that unemployment has taken over from crime as the issue most likely to worry the world's citizens. Indeed, concern about unemployment has risen in almost every country since April 2007 (only in Brazil and Germany has worry about jobs fallen). More specifically, half the worldwide online public also sees job losses as the biggest economic problem facing their country, followed by the cost of food and inflation more generally.

However, of course the economy is not the only pressing issue facing world leaders, and there are important differences between countries. Poverty and inequality and crime and violence remain key worries for people across the world, and public health and education are important second-order issues.

Issues that are worrying people

Which three of the following topics do you find the most worrying in your country?



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

Employment is a key issue of concern for Barack Obama as he begins his presidency, and generally Americans and much of Europe are particularly concerned about job losses. Having said that, there are different fears across North America and the EU: health care is the number one issue in Canada, France and Germany particularly cite poverty and inequality, while Britons, despite suffering from the largest drop in economic confidence anywhere, are most likely to mention crime and immigration. Indeed, more in Britain are concerned about immigration than in any other country included in the study.

Crime and violence is also by far the top issue in LATAM (Brazil, Argentina and Mexico). People in LATAM and other emerging markets such as India, Russia, Eastern Europe and South Korea also worry about corruption and financial and political scandals. Elsewhere in Asia-Pacific, moral decline and maintaining the welfare state are noticeably high in Japan, while health care and climate change are particular anxieties in Australia.

Interestingly, though, public perceptions about important issues do not always follow “objective” indicators. For example, Spain is the country with the highest unemployment rate⁴, and as might be expected has the highest concern about unemployment and jobs. However, other countries that also have high levels of unemployment such as Poland, Argentina and Brazil place relatively less priority on this. Similarly, inequality (as measured by the Gini coefficient) is highest in Brazil and Argentina, and these countries also have relatively high levels of concern about poverty and social inequality. But again this is not a consistent pattern. France and Germany, for example, also have high levels of concern about poverty and social inequality, but in these countries actual inequality (as measured by the Gini coefficient⁵) is much lower. On the other hand the US has a relatively high Gini coefficient, but is the least concerned of any country about poverty and social inequality. This suggests that citizens’ perceptions are influenced by a wide range of other social and cultural factors other than purely objective indicators, as in the “perception gap” on many issues discovered by Ipsos MORI in Britain⁶.

People are noticing economic problems and are cutting back

Overwhelmingly, people around the world are noticing the impact of world economic difficulties on their day-to-day lives and believe that costs of a wide variety of things have gone up, and this is only likely to get worse throughout 2009. In turn, they say they are cutting back on their own spending, leading to a threat of deflation. If governments around the world are hoping to get out of the current economic difficulties by encouraging consumers to spend, they need to do a lot of convincing.

Nine in ten believe that the cost of food and cost of utilities have got worse in their country, while similar proportions feel the same way about job losses, inflation and home costs/mortgages. With

4 Source: CIA World Factbook, estimated data for 2008

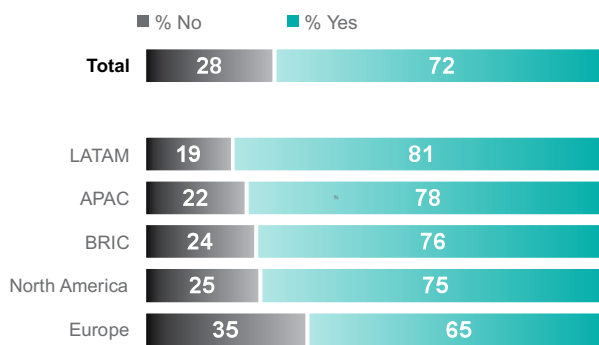
5 Source: World Bank

6 For more detail on this see our report *Closing the gaps: crime and public perceptions*

these economic and employment concerns in mind, most people are changing their spending behaviour. Almost three in four people around the world say they have cut back on household spending recently as a result of the state of the world economy. People say they are cutting back on a variety of items, especially entertainment, holidays and luxury items, though over half also say they are reducing their spending on essentials such as clothing. An inadvertent byproduct of world economic difficulties may be more 'green' behaviour via lower energy use, as around half say they are cutting back on energy home consumption and on driving (although whether they really are making adjustments to their lifestyles to help the environment can be debated).

Cutting back

Given the current state of the global economy, have you and your family had to cut back on your household spending recently?



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

In general (despite feeling that costs of many items are getting more expensive), people in Europe countries with higher levels of economic confidence (the Netherlands, Sweden, Czech Republic, Germany and Poland) are the least likely to be cutting back on their spending. In China and India, more than three in four have cut back on their spending, probably reflecting the large drop in consumer confidence discussed at the start, even though their absolute levels of confidence remain relatively high. Overall, people in South Korea, Turkey, and Argentina and Mexico are most likely of all to have cut back, reflecting their low levels of economic confidence.

However, there are some exceptions to this regional pattern, for example some European countries such as France and Great Britain are also more likely to say they are cutting back on their spending, as is the other relatively wealthy economy of the US – although all countries tend to have low levels of economic confidence. It would be interesting to speculate whether in some European countries, a combination of higher relative wealth and government communications about the need to keep up consumption are keeping people spending for longer, but also to ask why this is not having the desired effect in every advanced economy.

So there is a clear picture across the world – in emerging markets just as much as established economies – of falling consumer confidence, and concern about jobs and prices. With people translating this anxiety into cutting spending rather than kick-starting the economic stimulus that governments are hoping for, it only makes it more likely that their fears will be realised.

Can't buy me love:
wealth or well-being?

There has been renewed debate in recent years about the use of well-being indicators, and Global @dvisor data also suggests our quality of life is not solely influenced by economic factors.

There is no simple relationship between a country's GDP and reported levels of happiness, and it does not seem that people have to be rich to be happy – although it also true that none of the wealthiest countries are at the bottom end of the happiness scale.

There are also signs of a “pessimism gap” in many countries, where despite high levels of personal happiness few are satisfied with the way their country is going. Understanding the factors that influence this gap will be important for many governments.

Of course, this does not mean that governments should ignore the economic crisis, particularly as unemployment and jobs are seen as the top priority for people across the world. However, it does remind public policy makers that economic growth is not the sum of their citizens' demands, and that many other factors make up their quality of life.

Is there a link between money and well-being?

In 2006 the leader of the British Conservative Party, David Cameron, said “It’s time we admitted there’s more to life than money, and it’s time we focused not on GDP but on GWB — general well-being.” But are the two mutually exclusive or is there a link between wealth and happiness?

Measures of well-being have been used in social surveys for decades, and in recent years there has also been a growing interest in the use of well-being or life satisfaction indicators as appropriate targets for governments and social policy. From Bhutan’s Gross National Happiness Measure to other indicators such as the Index of Sustainable Economic Welfare, and the initiatives from OECD on *Measuring the Progress of Societies* and from the EU on thinking *Beyond GDP*, there is an understanding that measurement of people’s income alone does not give a full picture of the state of their lives, but that a wide range of other factors – social, cultural, political, environmental and emotional – all need to be taken into account. Certainly job satisfaction and being in employment have been shown to be positively related to overall satisfaction ratings, as has personal income. However, less materialistic concerns such as life stage, physical and emotional health, leisure pursuits, relationships and even genetics have also been shown to be linked to satisfaction ratings to some degree.⁷

Together with the debate over the link between wealth and happiness there are acknowledged difficulties around how we measure such a subjective concept as “happiness” or “well-being.” The idea behind measures of happiness and well-being is to gauge someone’s general underlying feelings rather than their state of mind at that particular moment. Some research has suggested that subjective measures of well-being are too closely related to these temporary moods⁸ though others have claimed that the effects of temporary states of mind on subjective evaluations of happiness and well-being are marginal.⁹

The Global @dvisor survey, conducted in 22 countries around the world, helps shed some light on the debate over wealth and happiness. The online public who participated in this survey report generally high levels of happiness. In total, 80% of people say that they are happy. Immediately, it is interesting to note that this is almost exactly the same as in previous waves: 81% in April 2008, and 81% again in April 2007. Of course, it is possible that this will change as the economic recession digs in worldwide, and does not deny that the impact of growing unemployment can be devastating. However, it is worth noting that data from Ipsos MORI’s Political Monitor shows that in the UK at least, ratings of personal well-being do not tend to fluctuate alongside personal economic optimism. At the least, though, it supports the hypothesis that factors other than the economy also have an impact on life satisfaction.

7 Donovan, N and Halpern, D., (2002), *Life satisfaction: The state of knowledge and implications for government*, Strategy Unit, Cabinet Office

8 Schwarz, N, and Strack, F., (1999), Reports of subjective well-being: Judgemental process and their methodological implications, In Kahneman, D, Diener, E and Schwarz, N, (Eds.), *Well-being: The foundations of hedonic psychology*, Russell Sage Foundation

9 Eid, M. & Diener, E., (1999), Intraindividual variability in affect: Reliability, validity, and personal correlates. *Journal of Personality & Social Psychology*, 51, p 1058-1068

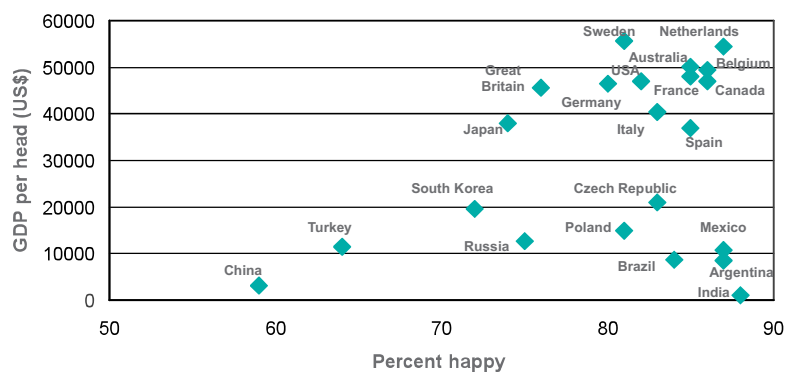
Furthermore, there are only minor fluctuations within each individual country, with the notable exception of Britain, which has seen peoples' happiness ratings decline by seven points in six months: worrying results for Gordon Brown and the British Labour Party. Having said that, there are some interesting differences when we drill down a little further. On average, one in five say they are "very" happy, but this ranges from 11% in Japan and Turkey to almost half in Brazil and India.

There is much academic debate over the link between international levels of wealth and happiness. For example the economist Richard Easterlin found that happiness levels tended to go up along with income when data was analysed within individual countries, however, when cross-national comparisons were made it emerged that average levels of happiness did not vary with income a great deal once a basic level of economic need was met.¹⁰ On the other hand, Adrian White has argued that levels of subjective well-being tend to be lower in lower income countries.¹¹

The data from Global @dvisor also suggests that there is no clear relationship between a nation's absolute wealth and the levels of reported life satisfaction, as shown in the chart below, which plots personal "happiness" ratings in each country against its GDP per head¹². In some cases, quite the opposite is true: for example, India has the lowest GDP per head of any country in the survey yet the highest levels of happiness (though this could partly be a function of the particular elite profile of the online population in this country). Argentina, Brazil, and Mexico also show relatively high levels of happiness combined with a low GDP per head. Having said that, we can also see that many nations on the higher end of the GDP scale such as the Netherlands, Australia, Canada and Belgium also have high happiness scores. So while it seems people do not have to be rich to be happy there are no countries with a high GDP that appear in the lower end of the happiness scale, whereas some of the poorest countries in the survey (China and Turkey) are also the least happy.

GDP and personal happiness

Taking all things together, would you say you are happy?



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

10 Easterlin, R. A., (1974), Does Economic Growth Improve the Human Lot?, in Paul A. David and Melvin W. Reder, eds., *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz*, New York: Academic Press, Inc; Veenhoven, R., (1991), Is happiness relative?, *Social Indicators Research*, 24(1), p1-34

11 White, A., (2007), A global projection of subjective well-being: A challenge to positive psychology?, *Psychtalk*, 56, p 17-20

12 GDP per capita at current prices in US\$, IMF World Economic Outlook Database October 2008

These results are in line with the work of those who have found little direct association between income and happiness or life satisfaction when comparing countries. One exception though is the latest World Values survey which has produced results that have indicated a cross-national relationship between average life satisfaction and GDP.¹³ The author of a report on that survey also commented that this finding was different from previous World Values Surveys which had also indicated no link between GDP and life satisfaction. The explanation for this could also partly explain some of the findings in our report. Previous rounds of the World Values Survey tended to sample only the most literate and urban people in poorer countries so that they would be more comparable to samples taken from richer countries. This is similar to the Global @dvisor sample which is comprised of people with internet access which in some countries, is likely to be those who are more affluent, i.e. those who have attained wealth beyond that basic level of need referred to by Easterlin.

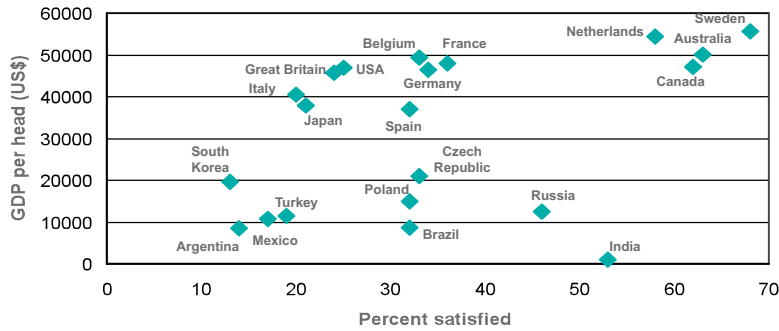
Are people satisfied with the way their countries are going?

Governments across the world will not be surprised to hear that people are generally less satisfied with the way things are going in their country than with their own personal happiness. In all but six nations, less than 40% of the online public say they are satisfied with the general direction of their country. Once again, there is no consistent pattern between satisfaction and wealth (as measured by GDP per head) though there are two noticeable groups in the chart below. The four countries with the highest levels of satisfaction (Australia, Canada, Netherlands, and Sweden) are also four of the richest nations in the survey. Conversely, the four nations reporting the lowest levels of satisfaction (Argentina, South Korea, Mexico, and Turkey) also have relatively low levels of GDP per capita. India is a particularly interesting case again in this analysis. Indians have a high level of satisfaction with the way things are going in their country, despite its low absolute GDP. This result could partly be due to the nature of survey participants who are generally the most technologically engaged people in the country, and therefore the most likely beneficiaries of India's economic boom of the last decade.

13 Deaton, A, (2008), Income, health, and well-being around the world: Evidence from the Gallup world poll, *Journal of Economic Perspectives*

GDP and country satisfaction

Now, thinking about your country, overall, would you say you are satisfied or dissatisfied with the way things are going in your country today?



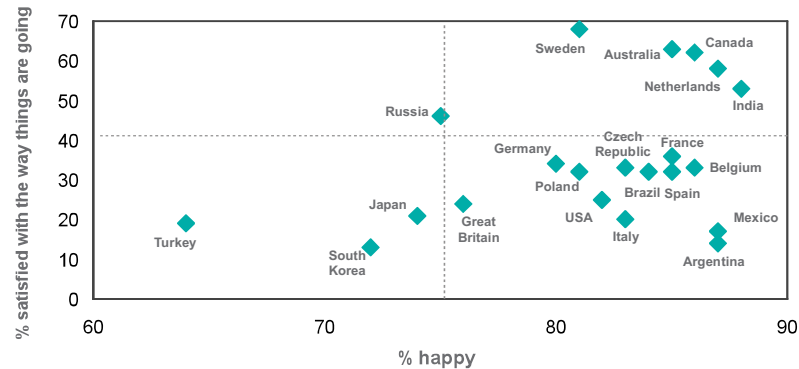
Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

A personal – national pessimism gap?

Finally, we look at the relationship between personal happiness and satisfaction with the way the country is going, and once again we see no clear link between them, although very interesting patterns can be observed. The chart overleaf shows that there is a group of countries who have a generally happy populace which is also satisfied with the direction of the country. Given what we have outlined above it is little surprise to find Australia, Canada, Netherlands, and Sweden in this “utopian” group, though it is interesting to see India also in this grouping. By far the most densely populated area is the bottom-right quarter which contains those countries who are relatively happy with their personal lives but dissatisfied with the direction of their country, which include the emerging economies of Argentina and Mexico, but also richer nations such as Italy and the United States. Perhaps most worried should be the governments towards the bottom-left: Turkey, South Korea, Japan and Britain, where there is both low levels of reported personal happiness and dissatisfaction with the way the country is going.

Comparing personal happiness and country satisfaction



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

The other interesting finding from comparing these two figures is that in every country personal happiness is higher than satisfaction with the way the country is going. In the UK, Ipsos MORI Public Affairs has been talking for many years about the existence of a “perception gap”, whereby despite some undoubted improvements in public services, the government does not seem to get the credit from the public (for example, because of changing expectations, the influence of the media, an assumption that local improvements are not replicated nationwide, or simply because the government has focused its efforts on areas that are not important to citizens). Global @dvisor suggests that a similar “pessimism gap” may exist in countries across the world.

We can devise a “pessimism gap” score by measuring the difference between people’s personal levels of satisfaction and their view of the direction the country is taking. The table below shows that a “pessimism gap” exists in every country surveyed, although to very differing degrees. Of course, this is a crude measure, and satisfaction with the way their country is going is not something that governments alone can do something about. Some of this will also be due to our human tendency to take a glass half-full approach when looking at our own lives. However, it highlights once again that a wide range of social, cultural and emotional factors will impact on citizens’ quality of life. Furthermore, in a world where many governments are measuring their performance against perception-based targets, understanding the factors that influence these perceptions (and consumer-citizens’ both natural and media-driven cynicism towards those who govern them) will be crucial.

	Happy	Satisfied with way things are going	“Pessimism gap”
Total	80%	35%	45%
Sweden	81%	68%	13%
Australia	85%	63%	22%
Canada	86%	62%	24%
The Netherlands	87%	58%	29%
Russia	75%	46%	29%
India	88%	53%	35%
Turkey	64%	19%	45%
Germany	80%	34%	46%
France	85%	36%	49%
Poland	81%	32%	49%
The Czech Republic	83%	33%	50%
Brazil	84%	32%	52%
Great Britain	76%	24%	52%
Belgium	86%	33%	53%
Spain	85%	32%	53%
Japan	74%	21%	53%
The United States	82%	25%	57%
South Korea	72%	13%	59%
Italy	83%	20%	63%
Mexico	87%	17%	70%
Argentina	87%	14%	73%

Globalisation:
for good or evil?

Growing concern over the economy does not yet seem to have changed people's underlying views about the benefits of globalisation: two-thirds across the world think that globalisation has been good for their country. Whether this will survive as the world's economy slips deeper into recession remains to be seen.

There has also been little change in support for government regulation and control of business. Although there is more variation on this across countries, most feel that regulation is necessary to protect the public – not surprising given the lack of trust in big business that is also shown.

In a new typology, we can group people into different segments according to their views on two dimensions: the extent to which they are in favour of trade and globalisation, and the extent to which they are pro or anti government regulation. For example, “controlled globalisers” are in favour of international trade so long as it is regulated, while “free-market traders” believe in the benefits of a more laissez-faire approach to globalisation. “Critics of capitalism” are much more likely to reject the benefits of globalisation full stop.

Understanding these underlying attitudes, and the relative size of these groups in different countries, gives an important indicator for the response of governments and business to the economic crisis.

Is globalisation good?

The global downturn has resulted in a great deal of media hyperbole about the 'end of capitalism', or at the very least a fundamental reappraisal of how banks and other businesses operate. Others retort that, while the current situation is serious, capitalism has survived other major tests in the past and will rebound again.

But has the current economic turmoil changed people's general perceptions of globalisation, business and how strict governments should be in regulating trade? Our findings suggest that pessimism about the worldwide economic outlook has not yet translated into greater negativity about globalisation per se. The key question for governments and business will be how long this lasts as citizens across the world begin to see the impact on the real economy in terms of jobs and income.

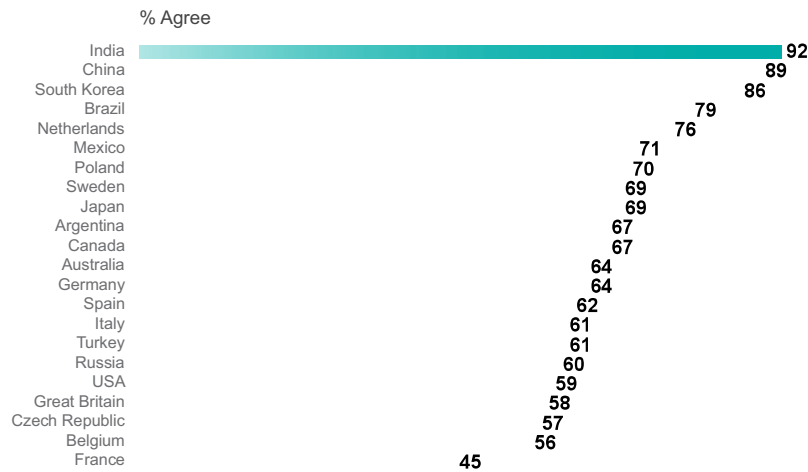
The first wave of Global @dvisor was conducted in April 2007, when the initial signs of problems in the American sub-prime mortgage market were beginning to emerge. However, at that stage there was no clear consensus about the implications the squeeze on credit would have for the wider economy. As discussed in the first chapter, thanks to the global downturn the economic mood is now increasingly pessimistic.

However, attitudes to the success or otherwise of globalisation have so far largely escaped this downturn in economic optimism. Indeed, if anything, people are now more positive about globalisation: across all the countries included in the study, around two-thirds agree that 'overall, globalisation is a good thing for the world' (68%), up slightly since wave 1 (63%). Will this trend continue into 2009, or can we expect greater support for protectionism as the real economy feels the heat?

This increase has been driven by strengthening support for globalisation in established Western economies (although support is still lower here than in other regions of the world). In the G8, 62% now agree that globalisation has been good for the world compared with 55% in early 2007. In particular there have been sizeable rises in support for globalisation among the online public in France and America (agreement up nine and eight points respectively).

Globalisation – good for my country?

Overall, globalisation is a good thing for my country



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

The pattern is similar when it comes to perceptions of the influence of globalisation on people's own countries: again, two-thirds agree this has been positive (67% compared to 63% in wave 1). Here too, improved perceptions are centred in Europe and North America (upbeat assessments are up six points in each case), but ratings are stable or rising across most countries in the study. The only real exception to this positive story is China, where there has been a slight fall in perceptions of how helpful globalisation has been to the country. Despite this, enthusiasm in China for globalisation's benefits remains extremely strong and second only to attitudes in India (89% and 92% agree that globalisation has been good for each country respectively).

To trade or not to trade?

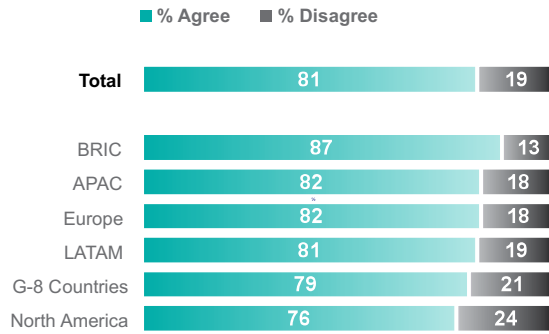
Backing for global trade also remains largely unchanged, with four in five people overall agreeing that investment by foreign companies in their country is essential for growth and expansion (agreement at 81%, the same as for the first wave of the study).

People in America, the world's largest economy, are more protectionist when it comes to world trade, but even here a large majority agree that investment by global companies is essential (68%). Perhaps unsurprisingly, support for inward investment is strongest in the rapidly-developing BRIC economies that potentially have most to gain from ongoing globalisation. Approaching nine in ten people in BRIC countries feel foreign investment is crucial for their economies' future growth and expansion (87%).

Foreign investment seen as essential

Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements...

Investment by global companies in (Country) is essential for our growth and expansion



Base: c.22,000 online consumer citizens, November 2008

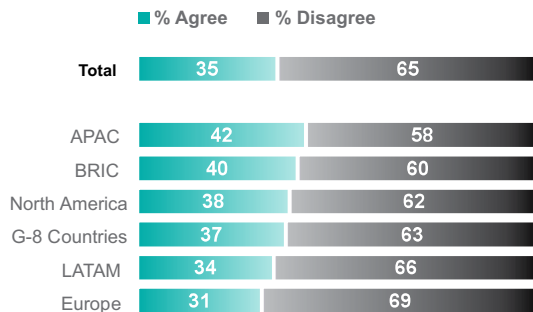
Source: Ipsos Global @dvisor

On the other hand, there is also evidence of more cautious sentiments towards global trade alongside this perception that inward investment is necessary. When people are asked specifically about whether 'we should restrict investment by foreign companies even if it means fewer jobs will be created', around a third agree overall (35%). Wariness about investment is apparent in some of the world's powerhouse economies, including Brazil (43% agree), the United States (44%) and India (47%). This may reflect a tension in the public's attitudes towards globalisation: most feel that inward investment is essential for economic growth, but a significant minority oppose giving global companies carte blanche.

Some support for restricting investment

Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements...

We should restrict investment by foreign companies in [Country], even if it means fewer jobs will be created



Base: c.22,000 online consumer citizens, November 2008

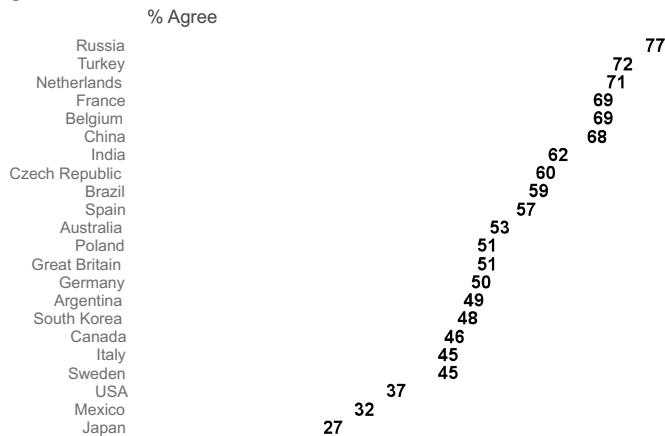
Source: Ipsos Global @dvisor

Too much regulation?

What about broader attitudes to government regulation? This appears to be a more divisive issue, with opinion finely balanced in many countries. There are also stark differences in attitudes between people in some of the world's largest economies. When asked whether 'it is in [my country's] interest that our big industries should be controlled by the government' more than half of people agree overall (54%, up from 48% in early 2007). This masks some telling variations in attitudes to government control: in Russia and China people strongly advocate government regulation (77% and 68% agree respectively), whereas in America and its neighbour Mexico the reverse is true (63% and 68% disagree respectively).

Differing attitudes to government regulation

It is in (Country's) interest that our big industries should be controlled by the government



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

There are also clear distinctions within the G8 group: more than two-thirds of people in France support government control of industry (69%) compared with around half in Great Britain (51%) and just over a quarter in Japan (27%). This suggests there will be different responses to the continued economic turmoil in different countries, although despite this it is instructive to note that there are some high profile government interventions even where the sentiment is most free-market – the obvious example being the United States.

People were also asked to choose whether they feel, on balance, that regulation of businesses is necessary to protect the public or tends to do more harm than good. A majority in every country feel that regulation is necessary, in some cases by large margins (in China 86% hold this view, as do 82% in Turkey and The Netherlands). Opinion is more divided in some European countries (Germany, The Czech Republic and Poland) and also in Japan; in each case at least two in five think government regulation of businesses does more harm than good.

Can businesses be trusted?

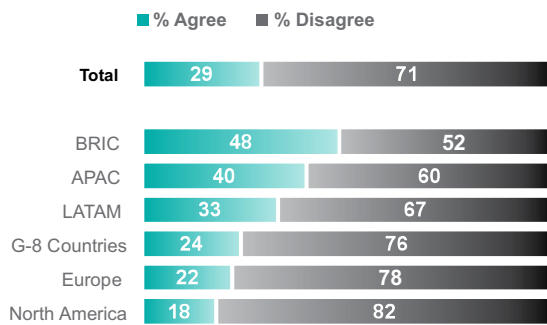
The survey also considered a final aspect of globalisation: how much do people trust large companies, and are they comfortable with the level of influence they have over their country? The findings here are very clear: there is a widely-held perception that companies cannot generally be trusted and that they have too much influence over governments. Of course, whether businesses really do have more power than governments is a different issue, but in any case this view is consistently held across the globe.

CEOs are generally distrusted when talking about their company or industry (overall 71% distrust CEOs). However, levels of trust vary considerably; over two-thirds of the online public in India trust CEOs (68%), compared to small minorities in France and America (15% and 17% respectively). More generally, trust is strongest in emerging BRIC countries (48%) and much lower in the established economies of Europe (22%) and North America (18%). This supports the view that companies are likely to face very different challenges in terms of their marketing and reputation in different regions of the world (although these perceptions are also likely to be influenced by the make-up of the online publics in different countries). It is worth noting that ratings of CEOs' trustworthiness have not changed since the first wave of the survey.

Trust in CEOs low – higher in emerging economies

Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements...

CEOs of large companies can generally be trusted to tell the truth when they make statements about their company or industry



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

Even more consistent across the world is the view that companies have too much influence over the decisions of governments: more than three in four people agree that companies' influence is too strong in their country, and this is the case in all the regions included in the study. Furthermore, a large majority of people agree that large companies are more powerful than governments (71% overall), though there are some regional variations. Perhaps unsurprisingly, consumer citizens in China are less likely to feel that companies are more powerful than governments (38% agree). Opinion is also more divided in Russia (57%), and in Sweden, where there is high taxation and a strong state (56% agree).

Globalisation and control: a new typology

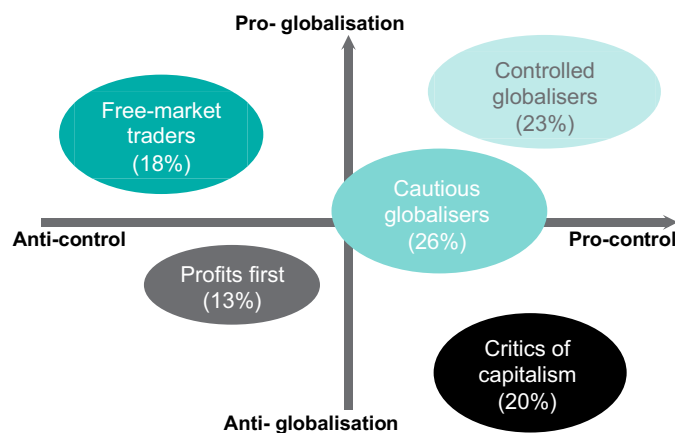
We have conducted a new analysis of views of globalisation across the countries included in the Global @dvisor study. As perceptions of globalisation have so far remained stable following the economic turmoil, the model is likely to describe underlying attitudes towards how globalisation should operate, rather than knee-jerk reactions to the current economic climate – although that is not to say that these attitudes will not shift as the global downturn continues.

Our model is based on two axes which seem to characterise views towards globalisation:

- i. Whether people are in favour of worldwide trade, business and globalisation
- ii. The extent to which people support more or less control of globalisation

By using these axes, five distinct groups within online consumer citizens emerge:

Attitudes to globalisation: a segmentation



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

- **Controlled globalisers:** this group are strongly pro-globalisation: 96% agree it has been good for the world, and 98% agree that expanding trade is a good thing. However, they are also the group most likely to favour strong regulation of big business (75% agree that big industries should be controlled by the government).
- **Free-market traders:** again, they are advocates of globalisation: 82% feel it has been positive for the world, and 93% agree that expanding trade is a good thing. While they share this enthusiasm with the 'controlled globalisers', this group do not believe large businesses should be controlled by governments (86% disagree with this kind of regulation).

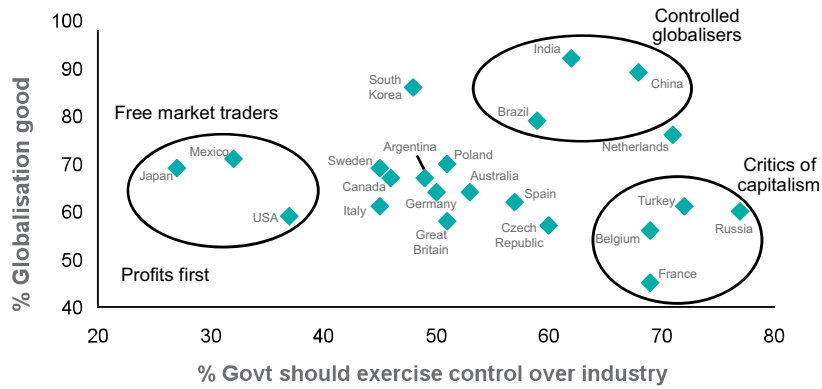
- **Critics of capitalism:** this group are much more sceptical about how good globalisation has been for the world (just 22% agree it has been positive) and for their country (19%). Their trust in CEOs is the lowest of any group (7%) and they are the most likely to agree that investment should be restricted, even if that means fewer jobs will be created (49% agree compared to 35% overall).
- **Profits first:** they are characterised by a concern that companies should not be distracted by concerns beyond fulfilling financial obligations to shareholders, even though they are also relatively weak supporters of globalisation (58% agree it has been good for the world). For example, only two in five of this group feel that companies should do more to contribute to society (39% compared to 84% overall) and their support for environmental responsibility is also lukewarm at best (54% agree companies should pay more attention to the environment compared to 90% overall)
- **Cautious globalisers:** the final group are slightly above average in terms of their support for globalisation (75% agree it has been good for the world), but their views are more guarded (just 7% strongly agree compared to 44% of the controlled globalisers). Reflecting their relative caution, they broadly support government regulation (66% agree that big industries should be controlled by government), though again the strength of feeling is less intense than either the controlled globalisers or the critics of capitalism.

It is clear then that there are two quite distinct strands of support for globalisation: those who believe it should operate with light-touch regulation (free-market traders) and those who strongly advocate globalisation but also want the reassurance of government watchfulness and oversight (controlled globalisers). There is also of course a group of critics who are much more anti-market and anti-business, and less convinced of the benefits of globalisation.

Plotting scores for countries along these axes (whether globalisation is good for their country and views of government control generally) reveals that opinions vary considerably across the world. Attitudes in three emerging economies (Brazil, India and China) strongly support controlled globalisation. By contrast, there is much greater scepticism about the benefits of government regulation in Japan, Mexico and the USA. Nations more critical of global capitalism and in favour of stricter control of industry include Belgium, Turkey, Russia and France.

Globalisation vs. regulation by country

Overall, globalisation is a good thing for my country
It is in (Country's) interest that our big industries should be controlled by the government



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

These findings are also shown in the table below, which looks at the relative size of all the different groups. Controlled globalisers are comfortably the largest single groups in India (60%), Brazil (53%) and China (47%). Russians tend to be more wary of globalisation (23% are controlled globalisers while 38% are cautious globalisers). Contrasting with this, free-market traders are more prevalent in Japan and Sweden, and also in the emerging Eastern European market of Poland.

	Controlled globalisers	Free-market traders	Critics of capitalism	Profits first	Cautious globalisers
Overall	23%	18%	20%	13%	26%
Argentina	25%	26%	33%	2%	13%
Australia	19%	9%	24%	16%	31%
Belgium	17%	12%	26%	13%	31%
Brazil	53%	16%	16%	3%	12%
Canada	16%	18%	27%	14%	26%
China	47%	7%	4%	2%	39%
The Czech Republic	12%	19%	20%	24%	25%
France	11%	14%	38%	10%	27%
Germany	15%	21%	24%	20%	21%
Great Britain	14%	12%	23%	21%	29%
India	60%	16%	4%	4%	16%
Italy	18%	17%	24%	11%	31%
Japan	6%	35%	6%	25%	28%
Mexico	32%	25%	25%	3%	16%
The Netherlands	15%	8%	9%	24%	44%
Poland	20%	33%	16%	11%	20%
Russia	23%	11%	18%	10%	38%
South Korea	21%	28%	8%	15%	28%
Spain	23%	11%	25%	10%	31%
Sweden	10%	33%	15%	18%	24%
Turkey	40%	9%	33%	4%	14%
The United States	10%	20%	24%	27%	19%

It is interesting to look at countries where views are particularly polarised. Argentina, for example, has large numbers of both free-market traders and critics of capitalism – diametrically opposed groups. Turkey also has high proportions of controlled globalisers and critics of capitalism, both in favour of a strong state but with very different views on the benefits of more trade and globalisation.

The picture in larger, established economies is more mixed, but a significant proportion of controlled globalisers is typical, although with some notable differences. The United States has the highest proportion of the “profits first” group, perhaps reflecting a belief in free-market principles that is combined with traditional elements of protectionism. On the other hand, there are many critics of capitalism in both France and Canada.

This segmentation sheds light on underlying attitudes towards globalisation and particularly whether it has been positive or negative for the world. The different groups help us identify the competing dynamics and priorities that shape views of governments and business in an increasingly interconnected world. To date, these attitudes appear to have survived the beginnings of the first truly ‘globalised’ recession. It will be interesting to see how these views shift as the current crisis works its way through the world economy.

A green divide?

Protecting our environment is one of – if not the – most important issue facing the world today, and across the globe people do think it is a serious problem. However, as many green campaigners will know, concern about the environment can seem less urgent than other day-to-day worries, especially in a time of economic downturn. What issues drive different views towards the environment across the world?

There is a clear link between GDP and concern about the environment, which is highest among the online public in emerging economies (Latin America, India, China, Russia and Turkey), where they are also more likely to feel individual responsibility for minimizing their impact on the environment. Their concern may be linked to levels of environmental degradation in these areas, and their experience of rapid growth, as well as a lack of confidence in the attempts of their country so far to protect the environment.

On the other hand, people in Europe and North America tend to be relatively less worried about the environment, and have more confidence in their countries' efforts towards protecting and preserving the environment – but a weaker sense of personal responsibility.

In any case the difference between words and actions is worrying. Although efforts to increase recycling in North America and Europe and water conservation in the developing world appear to be the most successful campaigns, when we look at the continuing rise in carbon dioxide emissions across the globe, it is clear that there is a long way to go before people start to make significant changes to their lifestyle habits without more leadership from government and business.

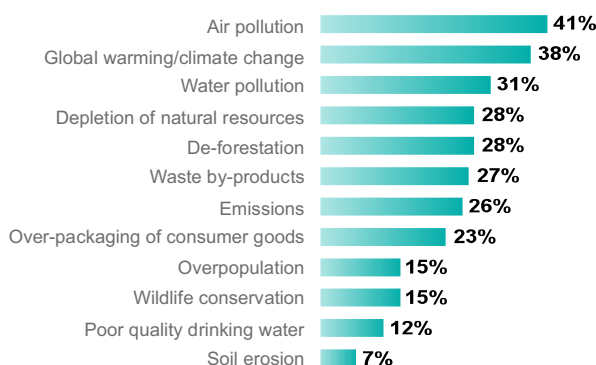
Environmental concern

Coverage of 'green' issues has escalated in recent years with governments in many parts of the world increasingly talking tough about the environment. Many groups of consumers are being encouraged to use their purchasing power to drive a green agenda and in some instances unsustainable choices are simply being removed. It is perhaps unsurprising therefore that nearly two-thirds of online consumer citizens across the 22 nations involved in Global @dvisor consider the environment to be a serious problem within their country (63%), and more than a quarter consider it to be extremely serious (27%).

Climate change in particular has been the hot topic of this decade with 'the warming of the climate system unequivocal' according to the latest Intergovernmental Panel for Climate Change (IPCC) assessment report¹⁴. As the world's leaders and scientists prepare for the United Nations Climate Change Conference in Copenhagen at the end of 2009¹⁵, climate change, and debates around it, have successfully permeated the public consciousness through broad media coverage, blockbuster films such as *The Day After Tomorrow* or Al Gore's documentary *An Inconvenient Truth*, and coverage of the views of climate change sceptics. It is unsurprising therefore that, along with air pollution, global warming/climate change is considered to be one of the most important environmental issues facing countries around the world. Most strikingly, just 3% strongly disagree that 'climate change will affect my generation', against 34% who strongly agree.

Air pollution and global warming top list of concerns

In your view, what are the three most important environmental issues facing (country) today? That is the top environmental issues you feel should receive the greatest attention from your local leaders?



Base: 11,722 Online consumer citizens, November 2008

Source: Ipsos Global @dvisor

Whilst these results offer encouragement for those trying to push climate change higher up the political and public agenda, caution should be taken in exaggerating public concern for the environment relative to other issues. Concern for climate change is high when considered in isolation

¹⁴ Bernstein, L., Bosch, P., Canziani, O., et al (2007). Intergovernmental Panel on Climate Change Fourth Assessment Report: Summary for Policymakers

¹⁵ COP15 Copenhagen, <http://en.cop15.dk/>

but when people are presented with a wider list of 16 socio-economic and political topics, global warming appears a less resounding 13th on the list. Concern for climate change, and threats to the environment more generally, have in fact fallen slightly over the past 18 months since April 2007. This is perhaps not surprising given the rising concern about the economy and jobs described earlier in this report.

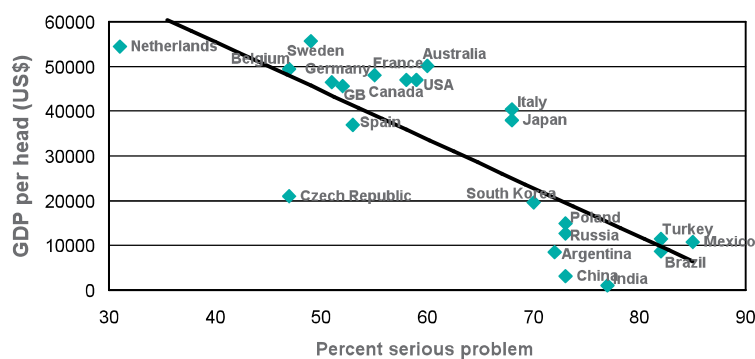
Air pollution is the environmental issue of most concern to the online public. The tangible and measurable nature of its impact, on health and visibility for example, are likely to help raise it to the top of the public agenda. Indeed, the World Health Organisation (WHO) estimate 2.4 million deaths each year are directly attributable to air pollution¹⁶. Four cities in India are in the top eight most polluted cities in the world according to World Bank statistics¹⁷ and more Global @dvisor consumer citizens in India mention air pollution than any other issue (47%). Air pollution is also of considerable concern to citizens of China (52%), again unsurprising given 20 of the 30 most polluted cities are located there¹⁸, and among richer economies to citizens of the Netherlands (52%), Belgium (58%) and the Czech Republic (53%).

Concern higher in emerging markets

Considering concern for the environment more generally, people in emerging economies in LATAM, Russia, India, China and Turkey are much more likely to say the environment is a serious problem than those in richer Western countries. There seems to be a strong link between a country's GDP and their level of concern about the environment, as shown in the chart below.

As GDP rises, environmental concern falls

How serious a problem is the environment in ...?



Base: 11,722 Online consumer citizens, November 2008

Source: Ipsos Global @dvisor

16 World Health Organisation, Estimated deaths and DALYS attributable to selected environmental risk factors, January 2007 (http://www.who.int/quantifying_ehimpacts/countryprofilesebd.xls)

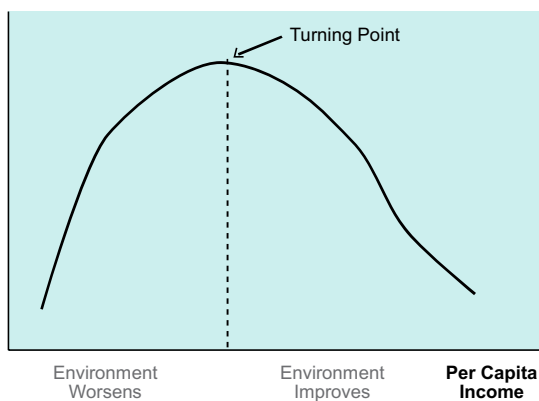
17 World Bank, 2004 cited by BBC New 'Beijing pollution: Facts and figures', 11th August 2008 (<http://news.bbc.co.uk/1/hi/world/asia-pacific/7498198.stm>)

18 World Bank, 'China Quick Facts' (<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/CHINAEXTN/0,,contentMDK:20680895~pagePK:1497618~piPK:217854~theSitePK:318950,00.html>)

One school of thought around this relationship between GDP and environmental concern, although fiercely debated, is theorised through the environmental Kuznets curve¹⁹. As the inverted U-shaped chart below shows, this argues that increased wealth and standards of living are the catalysts for more altruistic concerns around the environment and demands for improved environmental quality. The curve theorizes that economic growth precedes environmental improvement with acceptance of environmental degradation during industrialisation leading to a 'turning point' where demands for environmental controls and regulation grow stronger as GDP increases.

The environmental Kuznets curve

Environmental Degradation



Source: <http://450.aers.psu.edu/images/envkuznets.gif>

While it is impossible to relate Global @dvisor data directly to this theory, it is interesting to speculate where the online public in the various countries across the sample fit on the environmental Kuznets curve. Citizens in the rapidly developing economies of China, India, Turkey and Latin America are likely to have witnessed both increasing pressure on environmental resources, and perhaps their degradation as a result of this industrialisation, as well as improved personal finances. The high levels of environmental concern held by these online consumer citizens of the developing world could locate them nearing the tip of the curve. Bearing in mind the still relatively low GDP levels per capita for these countries as whole, this position is likely to be ahead of that for the general population.

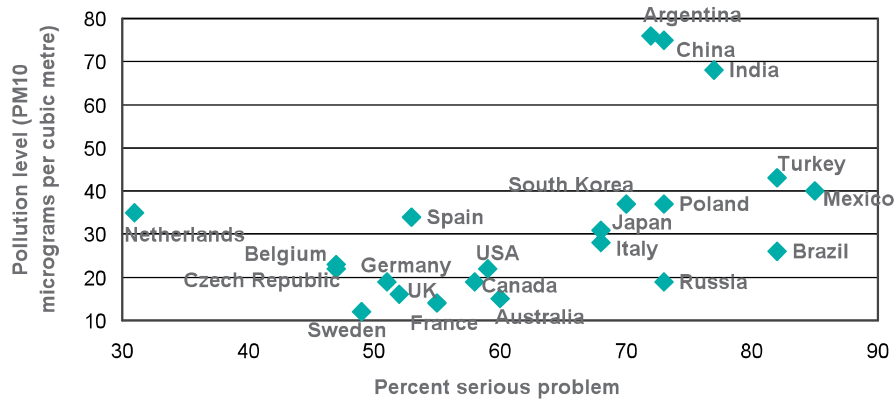
Air pollution is often cited in relation to the environmental Kuznets curve and when Global @dvisor data is plotted against pollution levels for each country some interesting relationships emerge, although again there is no conclusive pattern that applies to all countries. The graph below shows that in China, India and Argentina high levels of air pollution, correspond with high levels of concern for the environment. This may also of course be a reflection of the position of these citizens as thought leaders pushing them ahead on the curve comparative to their country as a whole. However, equally these views may indicate an emerging trend in public opinion which will become more widely apparent in coming years.

¹⁹ Stern, D. I., et al (1996). Economic growth and environmental degradation: The environmental Kuznets curve and sustainable development. *World Development*, 24 (7) pp. 1151-1160

Citizens of Europe, the USA and Australia can however be positioned along the latter stages of the downward curve where stricter environmental policies and controls result in lower levels of pollution than in other parts of the world. Lower levels of environmental degradation, at least in terms of pollution (unlike air pollution the relationship between income and CO2 emissions does not follow the curve's trajectory²⁰), seem to correlate with lower levels of concern for the environment, as shown in these countries' positions. This relationship between the performance of a country in terms of environmental protection and levels of concern and personal responsibility on behalf of citizens is also discussed later on in this chapter.

Environmental concern and level of pollution

How serious a problem is the environment in ...?



Base: 11,722 Online consumer citizens, November 2008

Source: Ipsos Global @dvisor

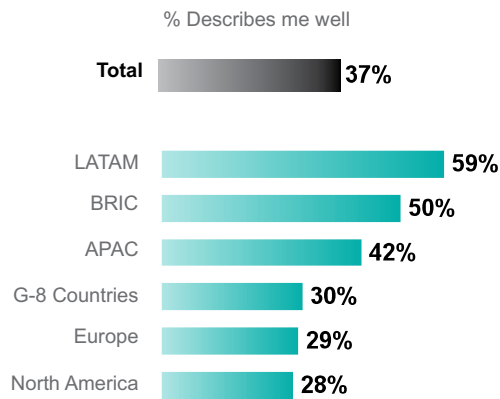
Has then the saturation of the Western world with environmental information and green marketing created a more environmentally concerned public or are these countries now facing a green fatigue where consumers are de-sensitised to green marketing and switch-off at the phrase 'zero-carbon'? Research from companies and countries around the world, such as HSBC's Climate Confidence Index 2007²¹, would agree that 'greenwashing' consumers, a term coined by environmentalist Jay Westerveld to describe green spin on products and services, is no longer generating the same levels of concern. Global @dvisor suggests it is the people of LATAM who now have this thirst for information about environmental issues although how far this interest and good intention can be translated into action remains unclear.

20 Stern, D. I., et al (1996). Economic growth and environmental degradation: The environmental Kuznets curve and sustainable development. *World Development*, 24 (7) pp. 1151-1160

21 HSBC Climate Confidence Index 2007, (http://www.hsbc.com/1/PA_1_1_S5/content/assets/newsroom/hsbc_ccindex_p8.pdf)

Desire for environmental information

Please tell me to what extent the following items apply to you:
I like to find out as much about environmental issues as possible



Base: 11,722 Online consumer citizens, November 2008

Source: Ipsos Global @dvisor

Who is responsible – individuals, countries or companies?

The online public in emerging markets is not just seriously concerned by the state of the environment, but also hungry to learn about green issues and in possession of a strong desire to protect their surroundings. But how far are people across the world willing to act themselves and how far are they relying on the actions of their governments to deal with environmental issues?

Consumer citizens in emerging economies are the most likely to say they have a sense of personal responsibility to do something about environmental problems. Nearly a third of people in LATAM, India, China and Turkey agree that the statement, 'minimizing my impact on the environment is an important part of my life' describes themselves very well, with Europe and G8 nations again the least likely to identify with this.

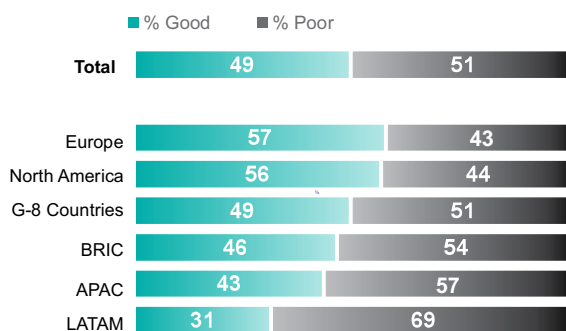
Similarly, four in five people in LATAM agree that even doing a few small things, such as recycling, conserving water or changing buying habits, can help improve the environment (80%); this applies to less than two-thirds of G8 residents (63%). A sizeable minority of Europeans and G8 residents do though acknowledge their poor personal performance to preserve and protect the environment. Whilst a fifth of people in India believe they personally are doing a very good job in terms of environmental protection, this applies to just 2% of those in France and 4% of those in Italy.

Do these findings suggest an apathetic society in G8 nations towards the environment? Or does it rather reflect a perception that the role of the individual has become redundant and recognition of the scale of the task ahead? For instance, where stringent environmental regulations bind both governments and industries to make changes are these perceived to be capable of wider-reaching impacts on both the global and local environment than the effects of individual lifestyle changes?

The high level of environmental concern expressed by LATAM and some other newly industrialising countries is reflected in scepticism about whether these countries are “doing a good job when it comes to preserving and protecting the environment”. More than four in five Argentinians, for instance, rate the performance of their country as poor (84%). Is this perhaps the driving factor behind the strong individual motivation to act to protect the environment in the LATAM region in particular?

Performance ratings for preserving environment

Overall how would you rate the performance of (country) when it comes to preserving and protecting the environment?



Base: 11,722 Online consumer citizens, November 2008

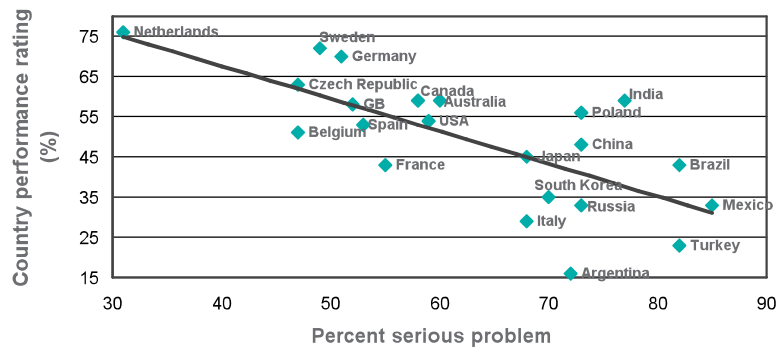
Source: Ipsos Global @dvisor

Global @dvisor data suggests then that concern for the environment is highest in those areas where faith in the ability of government to protect and preserve the environment is low as shown in the graph below. The Western world is much more positive about its performance on environmental protection with more than half of people in North America (56%) and Europe (57%) rating the performance of their countries as good. Geographically, Turkey is an anomaly to these trends with over three-quarters of people rating the environmental performance of the country as poor (77%). Given recent scrutiny of Turkey's environmental policies as they work towards gaining EU membership, it perhaps follows that these issues are raised in the public consciousness there. Following the same trends as other poorly rated countries in terms of environmental performance, the people of Turkey also feel more of a sense of personal responsibility than other Western countries with 92% agreeing that the statement 'I believe in protecting the environment' describes them well.

Environmental performance of country affects level of concern...

How serious a problem is the environment in ...?

Overall, how would you rate the performance of (country) when it comes to protecting and preserving the environment?



Base: 11,722 Online consumer citizens, November 2008

Source: Ipsos Global @dvisor

Across the world, most people believe there is too little government regulation to protect the environment (70%). People in Argentina and Mexico are the most likely to say there is too little government regulation, at around nine in ten. Turkey again mirrors these trends with more than four in five agreeing there is too little environmental regulation from its government (83%). Great Britain and the US – but also interestingly India and Brazil – are most likely to say there is too much environmental regulation (albeit only in a range of 16-19%).

As well as wanting more government regulation around environmental protection, the vast majority of people from countries across the world say that companies should pay more attention to the environment, with 61% of people strongly agreeing with this statement. This feeling is almost universal across the LATAM region and China where 97% say that companies should pay more attention to the environment. Reducing emissions, energy consumption, waste and recycling are believed to be the most important things companies can do to help the environment and be more environmentally responsible (21%).

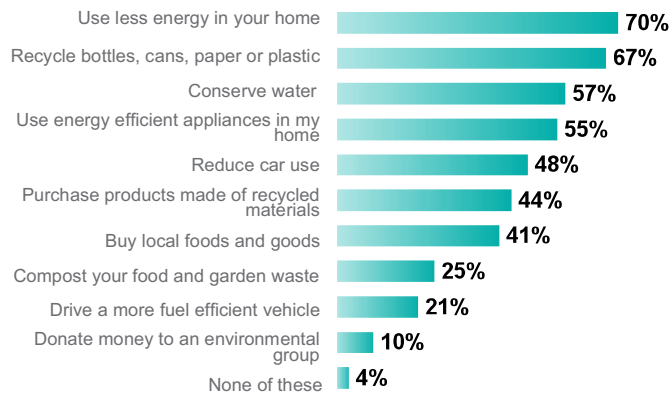
However, again caution must be taken in exaggerating environmental concern, as when asked what are the two most important things a company must do to be respected, maintaining sustainable environmental practices does not top the list. Rather, it comes behind contributing to the socioeconomic development of the countries where it operates, respecting and adhering to local laws and rights, and prioritising workplace safety.

Overall though people around the world tend to expect both governments and companies to do more towards protecting and preserving the environment, but where does this leave the individual? In emerging economies, where people are most likely to express a personal willingness to act, what evidence is there of these intentions being more than simply words?

Using less energy in the home and recycling materials are the most common environmentally-friendly actions taken by people across the world. Whilst recycling is a success story for North America (80%) and Europe (77%), water conservation is the focus of activity for individuals in the developing world (66% in LATAM and 65% in BRIC).

Reduce, Re-use, Recycle – what have you done?

Have you done any of the following in the past 12 months?



Base: 11,722 Online consumer citizens, November 2008

Source: Ipsos Global @dvisor

However, the gap between what people say they do as opposed to what they actually do is a recurrent issue in environmental survey work of this type and there may be an inflation of reported 'green' activity. For instance, in the car-centric societies of North America and Europe, two in five claim they have reduced their car use by using public transport. This proportion rises to more than half in LATAM (53%) and BRIC (54%). Most surprisingly, nearly three-quarters of people in China, one of the biggest growing car consumer markets in the world, claim they have reduced their car use in favour of public transport alternatives (72%). Particularly when the characteristics of Global @dvisor's respondents are considered, this willingness to sacrifice the personal freedom and status symbol of the car seems unlikely at this scale. One potential explanation for this behaviour however, or at least its prominence in the mind of Chinese citizens, may be the massive push to ban cars in Beijing leading up to the Olympics last year and the promotion of the public transport network ²².

When 'green' behaviour incurs a cost on the individual, propensity to act inevitably falls. However, a fifth of online consumer citizens across the 22 countries would buy environmentally friendly products even if they were more expensive (20%). Having said that, despite a fashion for green consumerism across Europe, along with the G8, it is the region most likely to admit that the price of products has a greater bearing on purchasing decisions than environmental credentials.

Global @dvisor shows a clear pattern of higher environmental concern in emerging and developing markets with lower absolute GDP but going through rapid economic change, and that have some of the most polluted cities in the world. But if the governments of emerging economies respond to public and environmental pressures to enforce further environmental legislation and achieve industry co-operation, will the people of these countries retain their strong desires to make an individual contribution? Have advanced economies already reached this level of environmental engagement, or are we seeing signs of complacency or avoidance of individual responsibility in these countries? Given the economic slowdown, and evident concern for unemployment and jobs, encouraging people to make big changes to their lifestyle may become even more difficult in the face of seemingly more pressing social issues.

²² BBC News, Beijing trials car reduction plan, 17th August 2007 (<http://news.bbc.co.uk/1/hi/world/asia-pacific/6950738.stm>)

Reputation and the bottom line

The **global downturn** and fall in **economic confidence** across the world may make some businesses feel that reputation management is the last thing they need to be worried about. Using data from Global @dvisor, Milorad Ajder shows that a company's image is still as important as ever to global consumers.

Recession and reputation management

The corporate landscape is increasingly littered with casualties of the global recession with many commentators predicting worse to come. The combination of deteriorating company earnings and cash strapped consumers has spilled into the area of reputation management. The economic crisis has placed a question mark in some peoples' minds as to whether issues such as sustainability, transparency and social responsibility will retain their importance at the leadership top table or be the victim of budget cutting.

The rationale for cutting back in the area of reputation is that reputation is a good insurance policy for the future but does not have any present value (in terms of an immediate impact on the bottom line). In this world, reputation and reputation management are considered to be important but somewhat amorphous. The leadership team struggles to measure, or manage it, and in some cases end up paying it lip-service. This leads to the conclusion that companies are free to invest significant resources in corporate reputation activity when times are good, but when times are difficult the accountant's red pen can find savings in the area of reputation management due to its perceived lack of present value.

This viewpoint is not the same as the active stewardship of a company's good name – where its management is 'hard wired' into the organisation's business strategy and customer facing offer. Rather, it is more akin to 'corporate wallpaper', where reputation management is more about how a company looks, than how it behaves.

Future value (insurance) and present value (bottom line) considerations both provide impetus for many companies to invest in active reputation management and social responsibility. Organisations such as Dow Jones with its Sustainability Index have provided evidence of the present value benefits to be gained. The index has tracked its performance since 1999 relative to other 'non-sustainable indexes' such as MSCI Global and has consistently fared better²³.

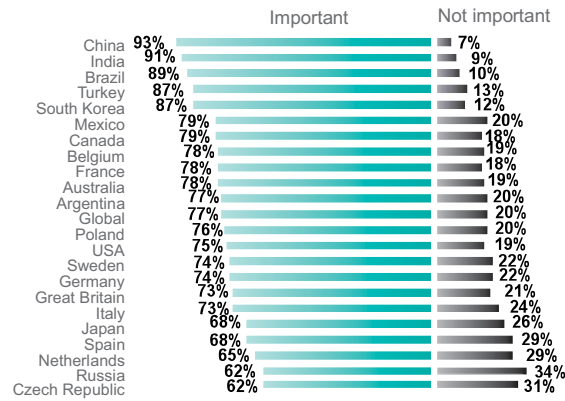
The main thrust for integrating reputation management with business goals has been creating corporate responsibility functions and committees that report directly into the CEO, the idea being that the ownership of such issues by the CEO would increase the likelihood that they would either permeate, or be consciously managed, into the business strategy planning process. The question is whether these new structures are robust or whether they will be dismantled as the recession takes root.

Findings from the latest Ipsos Global @dvisor survey warn against any 'relegation' of the issue of reputation in the corporate environment. The data shows that the majority of online consumer citizens in each of the 22 countries say that social responsibility is important in their purchasing considerations. The fact that the data was gathered in October of 2008 is also significant given that it was well into the credit crunch. The message is that whether in a recession or economic boom people still need to feel that they trust the organisations that are delivering products or services to them.

23 Dow Jones Sustainability Indexes – Annual Review 2008

Social responsibility

When forming a decision about buying a product or service from a particular company or organization, how important is it to you that it shows a high degree of social responsibility?



Base: c.22,000 online consumer citizens, November 2008

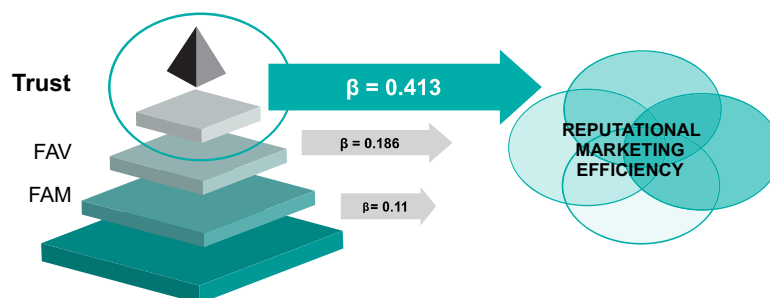
Source: Ipsos Global @dvisor

Reputation and Marketing Efficiency

Ipsos has also explored the linkage between reputation and consumer behaviour as it regards purchasing and advertising. Our research indicates that advertising effectiveness, measured as advertising impact on the one hand and product/service brand attributes on the other, is driven by the degree of trust that consumers assign to the organisations themselves. In other words, a company with a good reputation needs to spend less to break through to consumers with its marketing communications, and so has a higher “marketing efficiency”.

The relationship between trust and marketing efficiency has been substantiated by Global @dvisor across nations in each stage of development and across company sectors. The chart below shows that trust has a greater impact than the more basic measures of familiarity and favourability. Individuals who trust a company are more likely to believe their marketing communications, feel good about using a company’s products, and pay more for a company’s products. We have also seen the reverse of this in the real world: below a certain level of trust companies find it hard to make headway with their marketing efforts. Simply, a low level of trust is a barrier to selling their products.

Build Reputation To Drive Marketing Efficiency



Source: Ipsos Public Affairs

There is of course an element of this which is self evident. Where a company behaves very badly, corruptly or irresponsibly no amount of marketing, advertising or communication will have an impact on its standing in the eyes of customers or the broader community. For instance, as Enron's reputation became more and more eroded by its illegal accounting practices its communication function became less and less effective. Any corporate, product or service messaging became totally devalued by the behaviour of the organisation.

This is an extreme example and there are many shades of grey between absolute best practice in corporate behaviour and the activities of a company like Enron. The point is that where ever you are on that spectrum, trust can impact upon the performance of your corporate marketing activities.

As an experiment just think of the following organisations: The Economist, BMW, and Apple. Now think of any advertising or promotional activity you have seen in connection with them. In most cases I would wager that you trust the claims and messaging around their brands. The reason that you trust the messaging is that you trust the organisation that is delivering them.

The construct of trust is built on such qualities as credibility, responsibility and transparency but can be associated with other corporate characteristics and behaviours. This can include judgements about the quality of employees (imagine a BMW employee and technical excellence may spring to mind), creativity (Apple and its commitment to design innovation) or even clarity of purpose (The Economist and its desire to speak with one voice by not attributing articles).

There are many facets that build trust, some broadly consistent from one sector to another but others that are distinctive to a particular market. However the important thing is to understand the relative importance individual drivers have in building trust and ultimately reputation capital. A key challenge for all reputation managers and marketers is to identify those drivers that have the greatest influence on their stakeholders and actively manage them. In most cases this involves aligning corporate behaviour, values and communication with the building blocks of trust. However there is no room for complacency in the boardroom - reputation and trust is also incredibly fragile; it can take many years to build but be lost or seriously damaged in an instant.

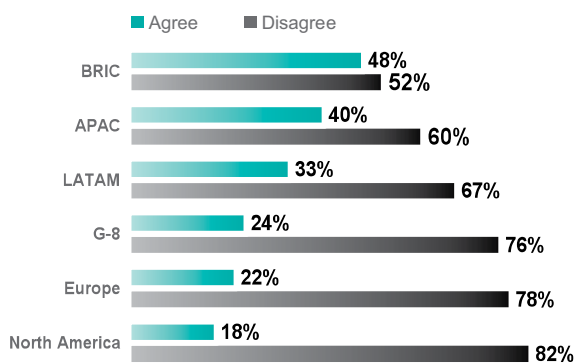
The importance of the CEO

Given the importance of reputation it is generally accepted that the CEO should be its ultimate guardian. That is not to deny that reputation is built by the actions and behaviours of all employees, however, it is generally acknowledged that an organisation's leader should be its most visible spokesperson. A part of this role is to articulate what the organisation stands for, how it makes a difference and the core values it lives by.

Global @dvisor provides much food for thought for the corporate leadership team as the majority of respondents indicate that they do not trust CEOs to tell the truth, especially in Europe and North America where there is a clear trust deficit (see below).

CEOs not trusted to tell truth

CEOs of large companies can generally be trusted to tell the truth when they make statements about their company or industry



Base: c.22,000 online consumer citizens, November 2008

Source: Ipsos Global @dvisor

The danger of course is that a lack of trust in the CEO can ultimately translate into a lack of trust in the organisation as a whole. The challenge therefore for all CEOs is to demonstrate that they are indeed living the values that are associated with their corporate brand. This is because ultimately a brand is a promise. It is what you say to the world and if individuals (and it is always down to individuals) deliver against the promise, reputation capital follows.

Although important to all businesses and business leaders it is arguably particularly important to those where the CEO and the business retain a 'joint profile'. Think of Richard Branson at Virgin, Jack Welch as he was at GE or indeed Steve Jobs at Apple. Damage to their personal reputations could also create a negative halo around the corporate brand. In the case of Jack Welch this occurred when he had actually left the company and the media picked up on his generous benefits package. Unfortunately damage can also occur where integrity and living the values is not an issue - consider the detrimental impact on the Apple share price on the news that Jobs is to temporarily step down due to ill health.

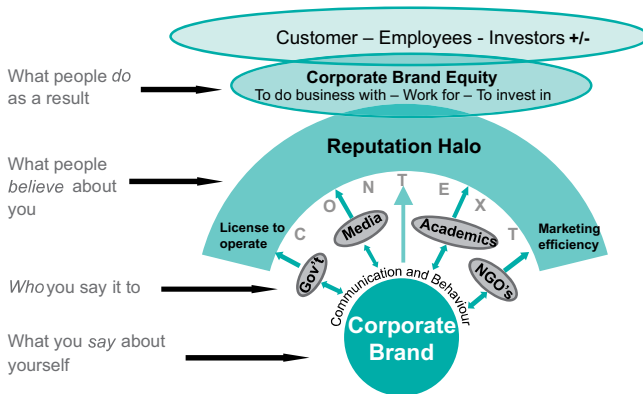
The Reputation Halo

So how does all of this tie together, and what are the key dynamics at play? Well the diagram below is a good starting point. Although a point of view rather than an empirical model it does provide a useful overview when trying to pull all of this together.

The key element from a research perspective is that of the Reputation Halo. This acts as the bridge between corporate reputation and brand equity. Just to be clear, brand is what you say about yourself, reputation is what people think about you once they have got to know you, brand equity is the positive impact that knowledge has on the decisions they make: buy your product, invest in you, choose to work for you and so on. Incidentally, the very same principles apply to organisations in the public sector. A public organisation with a positive halo should experience increased stakeholder engagement and support – therefore making it more likely that policy will be translated into action.

The Halo's strength is determined and populated by the key building blocks of reputation: awareness, familiarity, favourability, trust, advocacy as well as the attributes you are associated with. Therefore depending on your performance in these areas the Halo could have a positive impact or negative impact on brand equity (or of course various points between). This is the area that strategic reputation research is concerned with - understanding the influences and factors that impact on performance and enabling organizations to improve their halo through communications and actions that drive these factors.

Reputation and the bottom line



Source: Ipsos Public Affairs

Final thoughts

The current global recession will cause businesses to increasingly look at costs and probably divide expenditure into something like 'must do', 'should do' and 'nice to do' categories. The question is where does reputation management sit?

If optimising your reputation is about building trust, and the evidence says it is, there are two good reasons for it being placed in the 'must do' silo. Firstly the traditional strategic consideration still exists – to build trust equity with elite audiences in order to generate support and good-will that can be used to develop your business and manage the impact of crises. And secondly, at the end of the day the more you are trusted the more you are listened to and when it comes to marketing and advertising budgets, the more receptive the audience the more effective your spend.

Milorad Ajder is Managing Director of Ipsos MORI's Reputation Centre in the UK

Global @dvisor
methodology

This report contains data from the fourth wave of the Ipsos Global @dvisor, an online survey of 22,000 consumer citizens across 22 countries, twice yearly. 75% of the world's GDP is covered: US, Canada, Brazil, Mexico, Argentina, South Korea, China, Japan, Australia, Russia, India, Czech Republic, Poland, Turkey, Sweden, Netherlands, Belgium, Germany, France, Italy, Spain, and Great Britain.

In this wave, 23,437 interviews were carried out between November 2008. Internet Representation is balanced by age, gender, city population, and education levels, with minor added weights applied. Approximately 1,000 interviews were carried out in each country, representing a +/- 3.1% margin of error at the 95% confidence level²⁴.

Where possible, Ipsos online panels were utilized – in cases where this was not possible the survey was administered through carefully vetted partnership alliance panels. In all of the countries surveyed, Ipsos carefully examined existing statistics to arrive at sample targets that would be representative of the internet population in these countries. These sample targets were then compared against panel demographics, in order to achieve a balanced sample outgo. Gender, age and regional representation were the primary factors considered when developing sample targets.

In only three countries (India, South Korea, and China) was the pre-balancing against internet representativeness not possible. In these countries, sample was balanced against individual panel representativeness. As a result, invitations to participate were sent in a balanced fashion. Those individuals deciding to participate in the study clicked on an embedded link in the email invite, which provided a random and unique identifier (to prevent respondents from completing the study more than once), and they were taken to the survey website where they completed the study. Once data was received, minor weights were applied by gender and age in order to ensure final data closely approximated internet/panel representativeness.

²⁴ This assumes the standard errors will be the same as those calculated from a probability sample with a corresponding sample design, and do not allow for a design effect, which is likely to apply, and increase the margin of error.

Given the online nature of the survey, we may hypothesize that the sample reflects two different types of audience:

- In countries where a majority of the population has access to the internet our sample tends to be a more mass market segment of the population
- In countries where a minority of the population has access to the internet our sample tends to be a more elite segment of the population

Validation of Global @dvisor results against external benchmarks supports this hypothesis, and shows Global @dvisor data vary in systematic and anticipated ways:

- In high Internet penetration countries, results should be broadly in line with traditional offline studies
- In low Internet penetration countries, the views of Global @dvisor should represent “Elite” views, and compared to general offline population samples show gaps on “agenda” questions, higher than average business and personal commercial activity, and Internet usage.

Further information

The Ipsos Global @dvisor is a semi-annual, online survey of 22,000 consumer citizens in 22 countries across the globe, covering 75% of the world's GDP. It produces syndicated reports and studies specifically tailored to the needs of corporations, advertising and PR agencies, and governments. For more information about Global @dvisor, please contact:

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