CONSUMERISM: A SPECIAL REPORT

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CONSUMERISM

Consumer Culture • Consumer Empowerment • Consumerism Segmentation

This brief report investigates attitudes of consumers across G20 countries on consumerism and consumer empowerment. Through advanced statistical analysis, it also explores the similarities and differences between the 19 countries surveyed and gives a detailed examination of a psychographic segmentation across G7 countries.

People in developing countries tend to be more materialistic than those in wealthy countries.
Consumerism appears to offer greater pleasure to people in developing countries than in developed ones, especially when it comes to new technology products.

Consumers feel empowered vis-à-vis companies.
In most countries across the world, people tend to actively gather information about their product purchases, feel they can protect themselves against unfair corporate practices and readily complain to companies when not satisfied.

Markets and people around the world differentiate significantly when it comes to the joy of consumption and consumer empowerment.
Of the five consumer segments uncovered, three present significant and unique challenges to companies.

Consumer Culture

People in developing countries tend to enjoy consumerism more than individuals in wealthy countries.

Most people want to try new technology products in the developing world; enthusiasm for technology in developed countries is more muted.

Leisure time and family life are paramount goals according to most people, especially in Europe and North America.

Environics asked a series of questions about consumerism. As a counterpoint to views on consumerism, we also asked a single question on the importance of "quality" time for leisure activities or family.

The Pleasure of Purchasing

Two-thirds of consumers across the G20 countries acknowledge that spending money on themselves and their loved ones represents one of the greatest pleasures in their lives. This feeling is most pronounced in South Korea, India, China, Nigeria and Brazil. (*Fig. 1*) Yet in North America and Europe, where high levels of personal consumption have been the norm, only about six in ten indicate that this activity represents their greatest pleasure.

Fig. 1

Purchasing for Self and Family Gives Greatest Pleasure

"Strongly" and "Somewhat" Agree

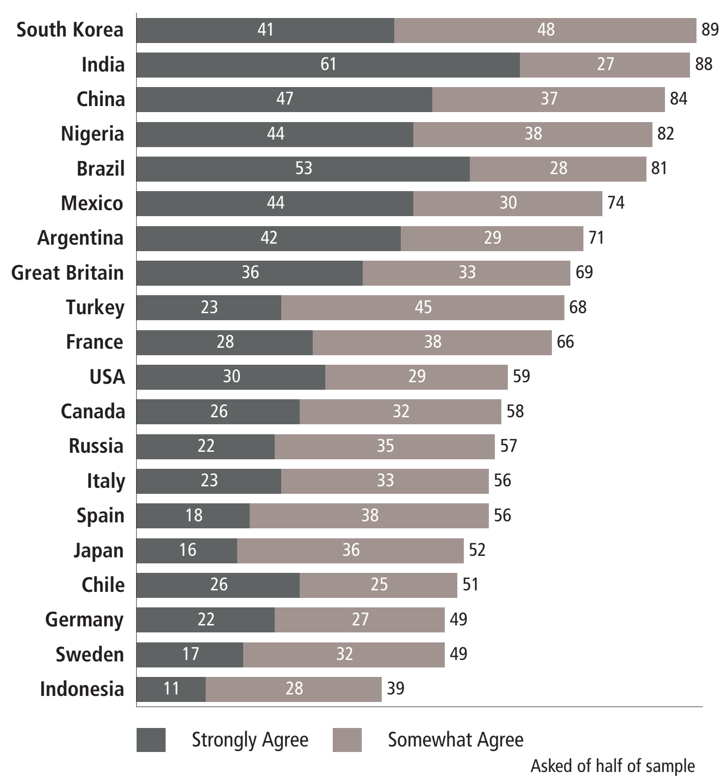


Fig. 2

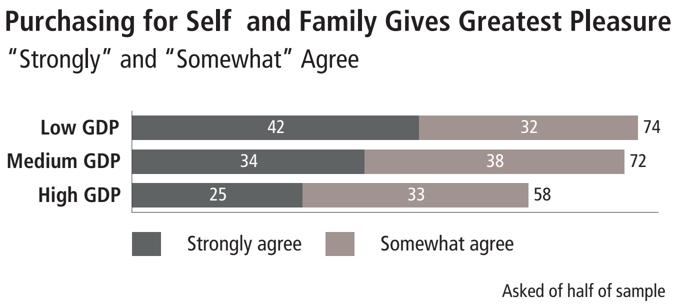
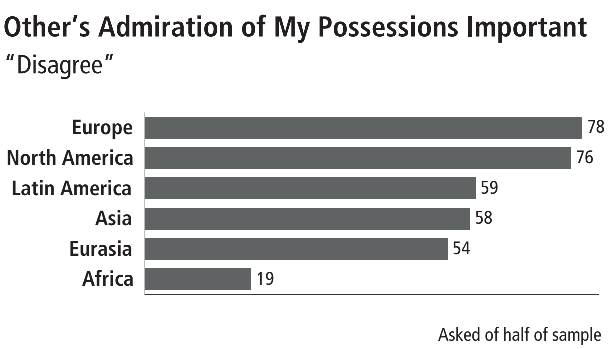


Fig. 3



This may indicate the diminished utility that even greater consumption brings in these parts of the world and appears to confirm the transition to a post-materialist era in the West where non-monetary values play a greater role in providing happiness. *(Fig. 2)*

Importance of Others' Admiration of Possessions

Most people place little importance on whether or not others admire the items they own. In fact, one-third of respondents strongly disagree that the admiration of others is important. However, there are significant differences among regions and countries. People in low, and to a lesser extent medium, GDP per capita countries, such as Nigeria, Latin America, and parts of Asia, attribute greater importance to the views of others than those polled in more industrialized regions. *(Fig. 3)* Once again, Europeans and North Americans stand-out from the rest of the world in their dismissal of the importance of status consumerism.

Desire to Try and Purchase New Technologies

Two in three people worldwide indicate that they are willing to try new technologies and products as soon as they can afford them. This attitude is most pronounced in low and medium GDP per capita countries, such as Brazil, India, Mexico, and China, where presumably people sense that they do not have access to the latest available technology. *(Fig. 4)* People in

Fig. 4

Willingness to Try New Technologies
"Strongly" and "Somewhat" Agree

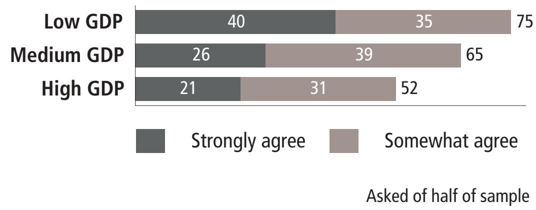
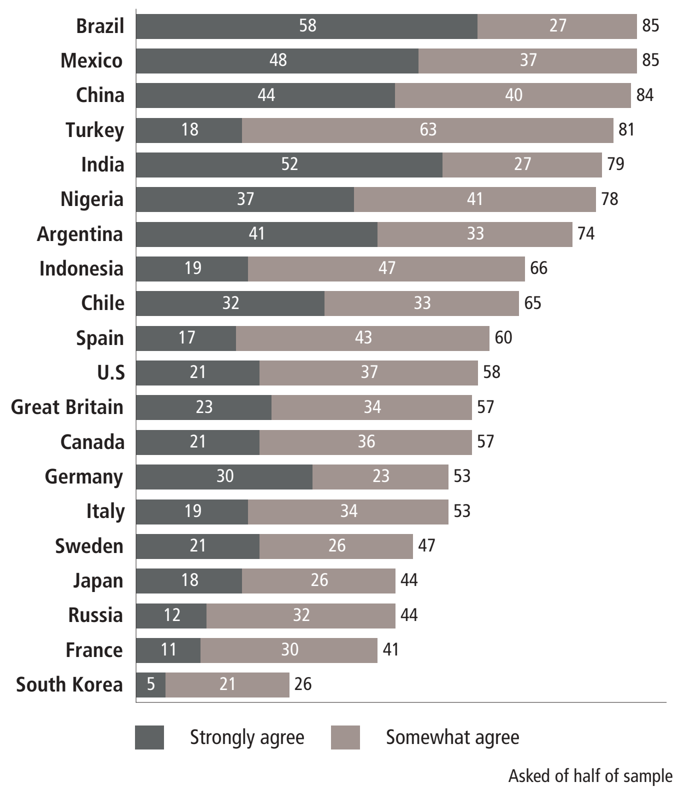


Fig. 5

Willingness to Try New Technologies
"Strongly" and "Somewhat" Agree



Russia, France, and South Korea are the least likely to be interested in trying these products.* (*Fig. 5*)

Interest in new technology products is lowest in wealthier, more technically advanced nations in Europe and North America, where there is a greater tendency to believe the pace of change is already too fast in the world.** Younger people and those who trust big companies are more willing than others to try new technologies.

South Koreans stand out from others in that they feel strongly about the importance of consumption generally, but not

* According to the 2000 International Environmental Monitor, people in poorer countries are significantly more likely than those in wealthy countries to believe that the benefits of technology outweigh the risks.

** See the 2001 Global Issues Monitor

Fig. 7

Leisure Time vs Purchasing for Self and Family

"Agree"

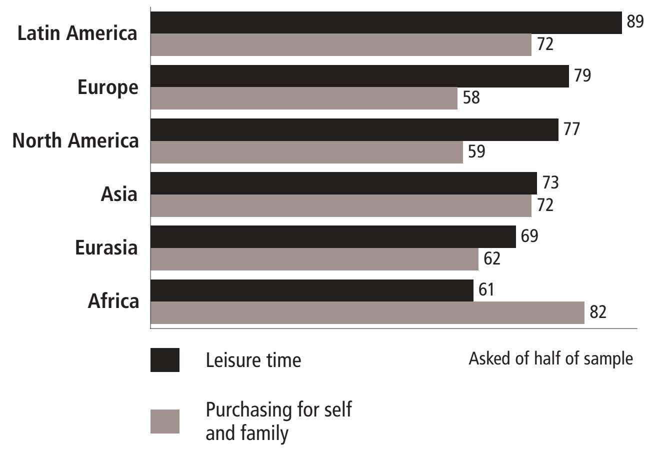
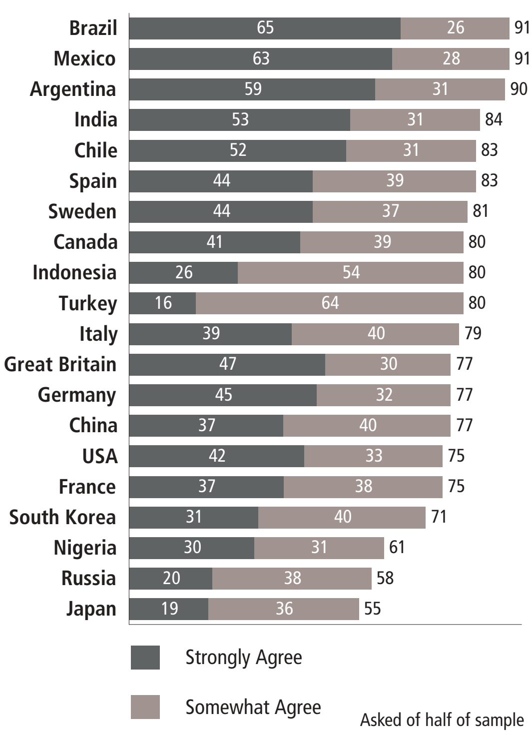


Fig. 6

Gaining More Time for Leisure Activities or Family Life is Biggest Goal in Life

"Strongly" and "Somewhat" Agree



when it comes to technology products specifically. This is perhaps a function of their belief that the benefits of technology do not outweigh the risks.*

Importance of Leisure Time

In order to compare the appeal of consumerism with other aspects of life, we asked people whether they agree or disagree that gaining more time for leisure activities or family life is their biggest goal in life. Strong majorities of people in all countries surveyed, except Japan, Russia, and Nigeria, state that gaining more "quality" time is their biggest goal in life. *(Fig. 6)* In fact, the appeal for more spare time is remarkably consistent across all demographic groups examined.

For many people, gaining more leisure time and purchasing personal goods appear equally important. However, people in Europe, North America, and Latin America are far more likely than others to agree that gaining time for leisure activities or family life is important than they are to agree that purchasing goods is important. *(Fig. 7)*

* See the 2000 International Environmental Monitor

Consumer Empowerment

Gathering information about products before purchasing them is a widespread phenomenon, particularly among people that enjoy consumerism.

Most people feel empowered as consumers: they readily voice their complaints and believe they can protect themselves against dishonest corporate practices.

Environics asked several questions to determine how empowered people feel in their dealings with large companies in the private sector. One question relates to purchase preparation; two others deal with people's capacity to protect themselves from companies and to seek redress.

Gathering Information before Making Major Purchases

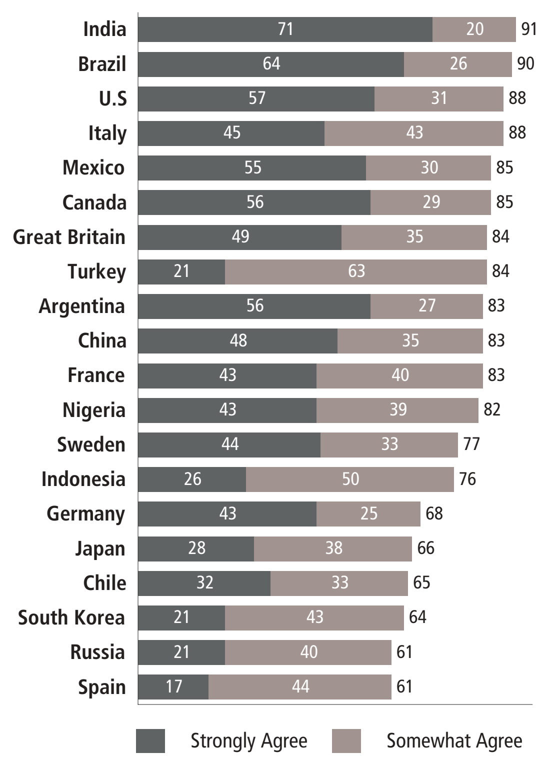
Close to eight in ten people worldwide indicate that they gather information about products before they make an important purchase. People in India, Brazil and the United States are the most likely to actively gather information before a major purchase. *(Fig. 8)* In contrast, people in South Korea, Russia, and Spain are least inclined to seek out this type of information. People with high levels of education or income tend more than others to look for product information in order to inform major purchasing decisions.

There is a correlation between the value of consumerism to individuals and how much information they gather about their purchases: the more that people indicate that they gather product information before a purchase, the more likely they are to believe spending money is a great pleasure.

Fig. 8

Gather Information Prior to Major Purchase

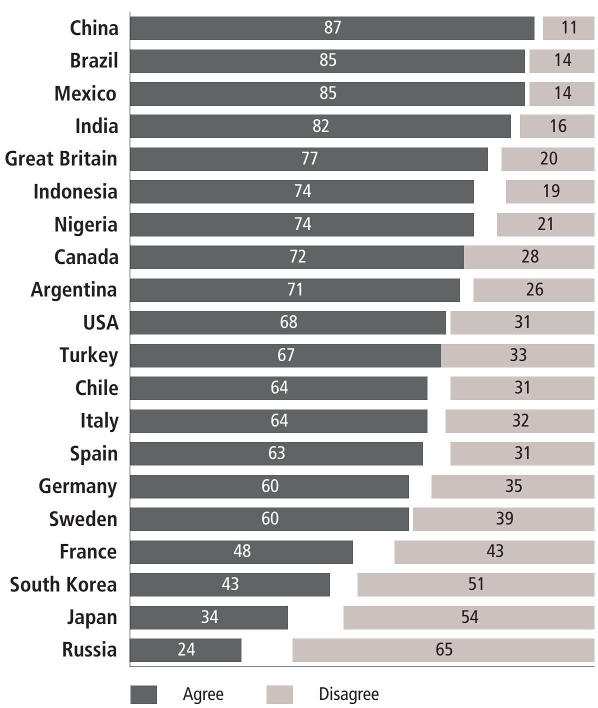
"Strongly" and "Somewhat" Agree



Asked of half of sample

Fig. 9

Consumers Have Power to Protect Themselves Against Unfair/Dishonest Practices by a Company
"Agree" vs "Disagree"



Asked of half of sample

Ability to Protect Oneself against a Dishonest Company

Two-thirds of people surveyed are confident that they have the power to protect themselves against unfair or dishonest practices by a company. Interestingly, those feeling most empowered tend to live in low and medium GDP per capita countries, such as China, Brazil, Mexico, and India. (*Fig. 9*) Conversely, majorities of Russians, Japanese, and South Koreans say that they do not feel able to protect themselves against dishonest companies. People aged 65 and older tend to feel less able than others to protect themselves.

Readiness to Complain to Companies

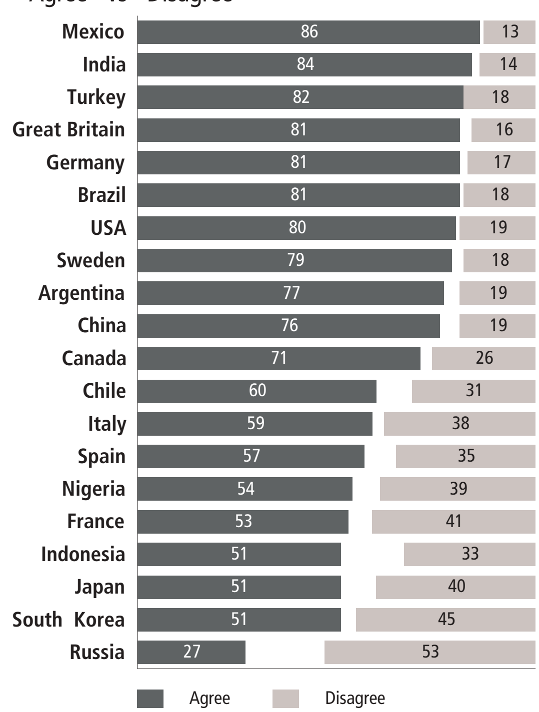
Seven in ten people say that they do not hesitate to complain to companies that produce or sell the products that they use. In fact, more than one-third of people are adamant about this aspect of their personal behavior. People in Mexico, India, Turkey, and Great Britain are especially inclined to be vociferous consumers. *(Fig. 10)* Those least likely to complain to companies include Russians, Indonesians, Japanese, and South Koreans. Better-educated people, those with higher levels of income, and Internet users are more likely than others to be ready to take companies to task.

There is a relationship between being a vociferous consumer and a sense of empowerment: the more people are likely to complain to companies, the more inclined they are to feel that they can protect themselves against dishonest companies.

Fig. 10

Do Not Hesitate to Complain to Companies

"Agree" vs "Disagree"



Asked of half of sample

Consumerism Segmentation

Markets and people around the world differentiate significantly when it comes to the joy of consumerism and consumer empowerment.

Consumers in North America and Northern Europe differentiate strongly from Southern Europeans in that the former feel much more empowered than the latter.

There are five distinct consumer segments across wealthy cultures, three of which present significant and unique challenges to companies.

This section of the report, based on advanced analysis of the data, is divided into two parts: a comparison of the 19 countries in the survey on these issues related to consumerism and empowerment; and a segmentation on the "Group of 7" (G7) countries that uncovers five distinct segments. The former offers a global comparison across G20 countries, while the latter is a robust psychographic examination of people's attitudes and behaviors across G7 countries, which examines key markets more rigorously.

A factor analysis was conducted on the database and two principle dimensions were uncovered: Joy of Consumption and Empowered Consumption.

The dimension on the vertical axis represents empowered versus unempowered consumerism. Empowered consumers, who feel capable of voicing their complaints to companies, believe that they can protect themselves against corporations and tend to actively gather consumer information, score highly on this measure. More specifically, people who rank on the top end of this factor tend to agree with the following statements, while those on the lower end of the axis disagree with them:

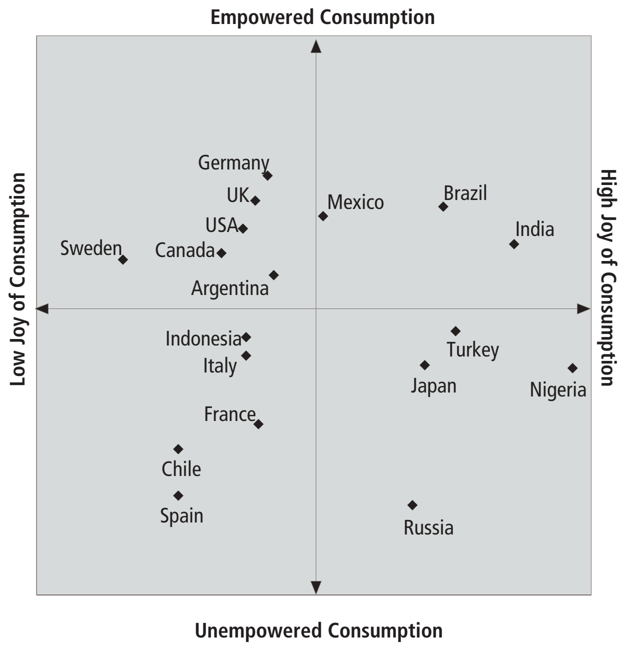
- I do not hesitate to complain to companies who produce or sell the products I use.
- As a consumer, I have the power to protect myself against unfair or dishonest practices by a company.
- I try to gather a lot of information about products before I make an important purchase.

The dimension on the horizontal axis represents high joy of consumption versus low joy of consumption. People who enjoy consuming goods, find material status important and like to try new technology products are rated on the top end of this factor. Consumers that score highly on the joy of consumption factor tend to agree with the following statements, while those on the lower end of the axis disagree with them:

- To spend money, to buy something new for myself or my family, is one of the greatest pleasures in my life.
- It is important to me that people admire the items I own.

Fig. 11

Consumerism: Country Characteristics



- I like to try most technology products as soon as I can afford them.

Global Country Comparison

To obtain a global view of consumerism, the 19 countries in the survey were positioned on the two principles: Joy of Consumption and Empowered Consumption. The countries are mapped in the accompanying Consumerism Country Map. (*Fig. 11*)

Only a few countries, relative to others, score highly on both measures: India, Brazil, and Mexico. At a macro-level, consumers in these three developing countries tend to both enjoy consuming and feel empowered while doing so.

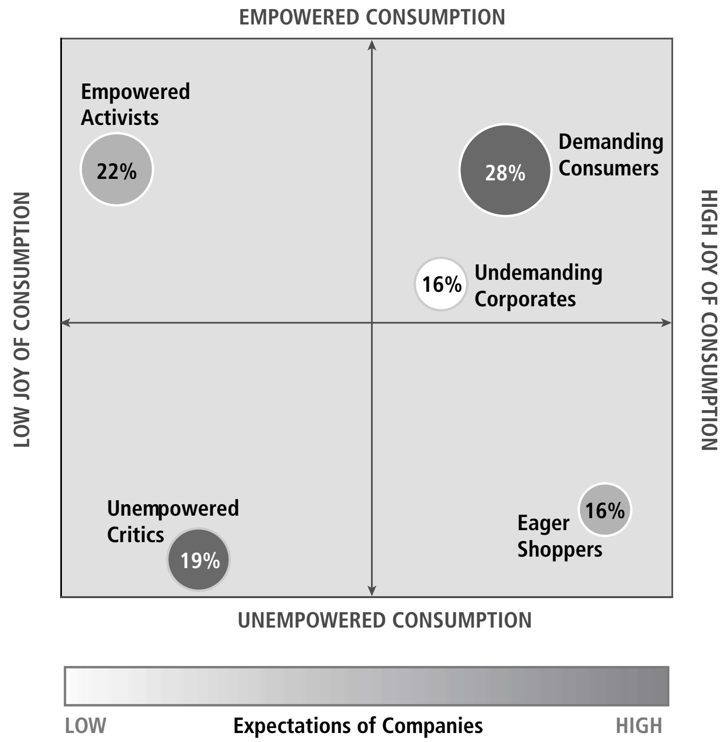
Japan stands out from other wealthy countries in that its consumers, along with those in Nigeria, Turkey, and Russia, are likely to be eager consumers but do not feel empowered.

The Romantic countries of Italy, France, and Spain, along with Indonesia and Chile, are positioned as nations that do not overly enjoy consuming and, when they are shopping, do not feel empowered as consumers.

Consumers in North America (Canada and the USA), Northern Europe (Germany, Great Britain and Sweden), and Argentina all share a relative dislike for consumerism with people in Southern Europe, but differ in that they feel empowered vis-à-vis companies.

Interestingly, at a macro level, the countries with populations that find the most enjoyment from consumerism are also those least able to afford discretionary spending: countries with low per capita GDP are much more likely to rate highly on the joy of consumption scale than wealthy countries. In the next section we will take a more disciplined examination of the G7 countries and discover that in wealthy countries there are indeed significant segments that do greatly enjoy consuming goods and services.

Fig. 12 **Consumerism Segmentation Map**



G7 Segmentation

To better focus on the key markets in the world, a multi-variate segmentation analysis was conducted that builds on the factor analysis to better understand consumer attitudes. Through statistical analysis, five distinct segments were identified. Understanding these segments, and the relative proportion of each in the G7 countries, allows for deeper insights into consumer culture in these important countries. The G7 countries include: Canada, France, Germany, Great Britain, Italy, Japan, and the United States.

In addition to the Empowered Consumerism and Joy of Consumerism, a third dimension was added to the G7 segmentation, titled Expectations of Companies. The third axis, represented by the shading of the segments, represents high versus low consumer expectations of companies. Individuals that have high expectations for companies to treat employees fairly, protect the environment, apply high standards, and provide quality products rate highly on this measure. Consumers that score highly on this factor believe companies should be held responsible for the following actions, while those that rate on the lower end of the axis do not:

- Treat all employees and job applicants fairly.
- Ensure its products and operations do not harm the environment.
- Apply the same high standards everywhere it operates.
- Provide good quality products and services at the lowest prices.

The five segments are portrayed on the Consumerism Segmentation Map. (*Fig. 12*) The map depicts the three key factors that differentiate consumer attitudes and behaviors in relation to consumerism. Again, these factors make up the axes of the map.

As retailers know all too well, there are few consumers that are undemanding in key markets. Indeed, our segmentation identifies only two segments, each accounting for 16 percent of the population across G7 countries, that are an easy "sell":

Proportion of Segments in G7 Countries

	G7	Canada	France	Germany	Great Britain	Italy	Japan	USA
Demanding Consumers	28	30	20	29	32	17	26	37
Empowered Activists	22	28	14	26	28	23	8	26
Unempowered Critics	19	19	34	12	13	25	16	18
Undemanding Corporates	16	13	11	23	16	15	21	10
Eager Shoppers	16	11	20	10	11	20	29	10

Eager Shoppers and Undemanding Corporates. The three remaining segments, representing 69 percent of the G7 population, offer unique opportunities and challenges.

Eager Shoppers (16%)

Eager Shoppers are the most "materialistic" consumers: they score highest on the joy of consumption axis, particularly when it comes to the value they place on spending money on goods and services and the admiration this elicits from others. Unlike the Demanding Consumers, however, who also enjoy consuming, Eager Shoppers do not feel empowered as consumers. They have average expectations of companies.

Eager Shoppers are unique in that they are the least concerned of all segments about human rights and overpopulation issues. They also report the lowest quality of life ratings of any segment. In addition, they express little trust in government or companies and are among the least likely to discuss the ethical and social behavior of companies.

Eager Shoppers, the poorest of any segment, are significantly over represented by women. Nearly three in ten Japanese (29%) are Eager Shoppers, while just one in ten in the United States (10%), Germany (10%), Great Britain (11%), and Canada (11%) fall into this segment.

Undemanding Corporates (16%)

Undemanding Corporates share both an enthusiasm for consumption with Demanding Consumers and, to a lesser extent, a sense of empowerment when shopping. In contrast to Demanding Consumers, Undemanding Corporates have very low expectations of companies when it comes to treating employees well, protecting the environment or even providing good quality products. Indeed, one of the most distinguishing features of this segment is the very low standards they hold companies to, especially around social responsibilities. These consumers express high levels of trust for companies and are notably "soft" on companies when it comes to expectations of responsibility. They are the most supportive of globalization of any segment.

People in this segment tend to be poorer than average. The highest concentration of Undemanding Corporates can be found in Germany (23%). In contrast, only 10 percent of Americans belong to this segment.

Demanding Consumers (28%)

Making up the largest segment, Demanding Consumers score highly on all three axes: they enjoy consuming, feel quite empowered doing so, and hold companies to high standards of behavior, particularly when it comes to providing quality products and services at the lowest possible prices.

Demanding Consumers are the least concerned of any segment of environmental pollution, health care, food safety, economic problems, poverty or unemployment. They are the most optimistic of any segment that their children will have a higher quality of life.

People in this segment tend be younger than others and over half of them are online. They are over represented in the United States (37%), and under represented in Italy (17%) and France (20%).

Demanding Consumers make up a most attractive segment for companies wishing to position themselves as responsible: they are the largest segment and if companies gain their respect, Demanding Consumers will reward them. In addition, this segment is not only receptive to corporate responsibility initiatives, but also to consumption generally. Indeed, the fact that Demanding Consumers are enthusiastic consumers, suggests that these individuals will likely respond well to communications equating accumulation of products and services, with good quality of life. However, given how demanding they are of companies, Demanding Consumers will likely continue to push for better selection, prices and performance, and may be the most inclined of any segment to switch to other brands if expectations are not met.

Empowered Activists (22%)

Consumers in this large segment are the least likely of any group to find joy in consumption and the most inclined to feel empowered when they do shop. Overall, Empowered Activists hold companies to moderate standards of behavior, except in the areas of reducing human rights abuses and reducing the gap between rich and poor, where they express the highest expectations of corporations.

Empowered Activists are the most concerned of any segment about human rights issues and overpopulation. People in this group are the most inclined to believe that they have a good quality of life. They also are the most likely to discuss the ethical and social behavior of companies, express the highest trust in NGOs and are the least supportive of globalization of any segment.

Empowered Activists are the wealthiest of all segments, with an over representation of shareholders. People in this group tend to be middle-aged, online and are over represented by

Opinion Leaders. In addition, Empowered Activists are significantly more likely than others to have punished a company in the last year: 44 percent of this segment have done so, compared to 29 percent of the total G7 population. The highest proportion of Empowered Activists reside in Canada (28%) and Great Britain (28%). Only 8 percent of Japanese make up this segment.

This is an attractive segment for companies due to their purchasing power. Innovation is critical when engaging Empowered Activists. A commitment to social responsibility and corporate citizenship by companies may be key in positioning their goods and services, as attitudinally Empowered Activists do not enjoy consuming, but they will likely pay for quality and service within a socially responsible framework.

This group is likely receptive to corporate initiatives and marketing, but this needs to be accomplished in a non-traditional way that addresses their skepticism of corporate motives and their reluctance to consume for pleasure. These consumers are ethically active and can be vociferous; they will make up a large portion of the market for any ethically or socially responsible goods.

Unempowered Critics (19%)

People in this segment tend to feel little joy when it comes to consumption and also do not feel empowered as consumers. Yet they have high expectations for companies to take responsibilities on issues relating to the environment, employee treatment, product quality, and universally high standards, as well as ensuring no animal testing of its products occurs and supporting progressive government policies. People in this segment are the most concerned of any segment about environmental pollution, health care, food safety, poverty, and economic problems, and express high levels of trust in NGOs.

Unempowered Critics are significantly over represented by women and tend to be older than average. People in this segment are prevalent in France (34%) and Italy (25%). Much fewer Unempowered Critics exist in the other European countries of Germany (12%) and Great Britain (13%).

In many ways, this segment is the most challenging segment for companies: they are unlikely to be very receptive to traditional overtures from companies, and their skepticism of corporate motives will not dissipate easily. Furthermore, Unempowered Critics have a strong social agenda, which may be driving down their enthusiasm for consumerism. It is likely they do not trust corporate motives and consume reluctantly. Growth in consumption among this sector is likely to come in areas related to socially responsible goods, health products and organic foods. Given their lack of empowerment and hesitation to communicate their concerns to companies, Unempowered Critics are likely to switch brands or simply "drop-out" of consuming more easily than others. Consequently, maintaining market share among this capricious group is a challenge.

Methodology & Research Partners

METHODOLOGY

The following table gives a more detailed description of the methodologies used in each of the 20 countries.

Country	Sample Size (unweighted)	Field dates	Sample frame	Survey methodology	Type of sample
Argentina	1000	Jan.8-22, 2001	18 years or older	Face to face	Nation-wide
Brazil	1002	Jan.20-28, 2001	18 to 74 years old	Face to face	Urban[1]
Canada	1015	Dec. 11-19, 2000	18 years or older	Telephone	Nation-wide
Chile	1200	Dec. 1-12, 2000	18 years or older	Face to face	Nation-wide
China	1800	Dec. 8-15, 2000	18 to 65 years old	Face to face	Urban[2]
France	1020	Dec. 1-10, 2000	15 years or older	Face to face	Nation-wide
Germany	1000	Nov. 30 – Dec.18, 2000	18 to 70 years old	Telephone	Nation-wide
Great Britain	1000	Nov.23 – Dec.8, 2000	18 years or older	Telephone	Nation-wide
India	1003	Dec.11 2000 – Jan. 2, 2001	15 to 65 years old	Face to face	Urban[3]
Indonesia	1000	Nov.18-Dec.8, 2000	15 to 55 years old	Face to face	Urban[4]
Italy	1008	Nov.26 – Dec.6, 2000	18 years or older	Telephone	Nation-wide
Japan	1030	Dec. 16-24, 2000	20 years or older	Face to face	Nation-wide
Mexico	1008	Dec. 10-15, 2000, Jan. 5-10, 2001	18 years or older	Face to face	Urban[5]
Nigeria	1100	Dec. 4-14, 2000	18 years or older	Face to face	Nation-wide
Russia	1072	Nov.30 – Dec.17, 2000	18 years or older	Face to face	Nation-wide
South Korea	500	Jan.12-27, 2001	20 to 65 years old	Face to face	Urban[6]
Spain	1004	Nov.27, 2000 – Feb. 9, 2001	15 years or older	Face to face	Nation-wide
Sweden	1000	Jan.3-25, 2001	15 to 74 years old	Telephone	Nation-wide
Turkey	1200	Dec. 04, 2000 – Jan. 08, 2001	15 years or older	Face to face	Urban[7]
United States	1000	Nov. 28-Dec.8, 2000	18 years or older	Telephone	Nation-wide

[1] In Brazil, the survey was conducted in Sao Paulo, Rio de Janeiro, Belo Horizonte, Fortaleza, Belem, Recife, Salvador, Curitiba, Brasilia, Goiania and Porto Alegre, representing 32% of the total population.

[2] In China, the survey was conducted in Beijing, Shenyang, Shanghai, Hangzhou, Wuhan, Chengdu, Guangzhou, Zhengzhou, and Xi'an, representing 30% of the population.

[3] In India, the survey was conducted in Mumbai, Delhi, Calcutta and Chennai, representing 17% of the total urban population.

[4] In Indonesia, the survey was conducted in Jakarta and Surabaya, representing 15% of the total urban population.

[5] In Mexico, the survey was conducted in 37 cities, representing 30.3% of the total population.

[6] In South Korea, the survey was conducted in Seoul, Pusan, Taegu, Inchon, Kwangju, Taejon and Ulsan representing 48.2% of the total population.

[7] In Turkey, the survey was conducted in Adana, Ankara, Antalya, Bursa, Diyarbakyr, Erzurum, Istanbul, Yzmir, Konya, Samsun and Zonguldak, representing 45% of the total population.

RESEARCH PARTNERS

Environics International Ltd. would like to gratefully acknowledge the substantive contribution of each of our research partners in undertaking this international study. We are honored to be associated with this network of respected social research institutes.

Country	Research Institute	Location
Argentina	CEOP-GLOBAL Market Research	Buenos Aires
Brazil	Indicator Opinao Publica	Sao Paulo
Canada	Environics Research Group	Toronto
Chile	MORI Chile	Santiago
China	Survey & Statistics Institute of BBI	Beijing
France	CSA-TMO Group	Paris
Germany	Ri*QUESTA GmbH	Teningen
Great Britain	ICM Direct	London
India	ORG-MARG Research Limited	Mumbai
Indonesia	Taylor Nelson Sofres Indonesia	Jakarta
Italy	Eurisko SpA	Milan
Japan	Central Research Services, Inc.	Tokyo
Mexico	Mund Americas	Mexico
Nigeria	Market Trends Research International, Nigeria	Lagos
Russia	CESSI (Institute for Comparative Social Research)	Moscow
South Korea	Hankook Research Co. Ltd.	Seoul
Spain	Quota Union (Grupo Sigma Dos)	Madrid
Sweden	Image Survey International, ISI AB	Stockholm
Turkey	Yontem Reseach & Consultancy	Istanbul
USA	Environics Research Group	Toronto