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## **JWT'S ANXIETY INDEX HIGHLIGHTS CONSUMER CONCERNS IN CHINA AND INDIA**

### **Recession is Not the Primary Cause of Stress in Asia's Largest Markets**

**New Delhi, Delhi, India, July 09, 2009**—While the recession has dominated the press over the past year, it is not the primary cause of stress for Asian consumers, especially in the two largest countries—China and India.

“While the economic recession has been pervasive in the media, consumers in Asia expressed concern for a wide range of issues.” Michael Maedel, JWT President elaborates on the findings from their recent survey, “In fact, China compared to countries around the world had little concern for the economy. Yet, they are extremely worried about other issues such as food safety. Indians have some concern for the economy but are very optimistic about the recovery and instead are more concerned about threats to their personal security.”

#### **CHINA**

Overall, consumers in China are much less anxious than consumers in other parts of the world. Only 35% of the respondents in China are anxious compared to 90% in Japan, 74% in India and 79% in the United States.

In fact, Haidong Guan, JWT's Shanghai-based Planner, recently wrote an article titled “Is there a financial crisis in China?” Even though the survey showed that half of those intending to purchase a car in the past 6 months have cancelled or postponed their purchase due to the economic downturn, car sales in China have surpassed sales in the U.S. When the global financial crisis began, pundits worried about the impact on China due to its export driven economy. Haidong reflects, “With by far the largest economic stimulus plan in the world, China seems to have weathered the worst of it.”

The one sector in China that has been significantly impacted is the export sector, which has seen an estimated 20 million lay-offs. Primarily, low-skilled workers have been affected. Since China has a weak social security system, it is not surprising that the low income respondents have exhibited the most anxiety.

The only area where China's consumer's showed a dramatic level of anxiety was over food safety issues, which is not surprising considering the 2008 milk scandal, which affected 300,000 people in China. The World Health Organization referred to the incident as one of the largest food safety events it had had to deal with in recent years, and that the crisis of confidence among Chinese consumers would be hard to overcome.

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Even though China's anxiety is low compared to other countries around the globe, consumers are still taking measures to cut back spending. This is not surprising considering Asian's are known for their cautious spending and high savings rates.

In order to save money, consumers in China are buying less frequently or canceling/ postponing purchases. They are also seeking cheaper alternatives for less important consumables. Compared to six months ago, consumers are more often opting for practical and cheaper brands. Consumers also feel that brands need to do more to help them cope with change.

## **INDIA**

India is extremely anxious compared to other countries around the globe. Only Japan, Russia and the United States describe themselves as more anxious than India. But Indian consumers are also optimistic about near-term prospects for the economy.

“While many consumers reported being anxious during the survey, since the recent election there has been a palpable feeling of hope and optimism in India,” commented Pragya Singh, Planner, JWT Delhi. “There is a strong belief that the government will be able to shield India from the worst of the recession.”

In fact, anxiety stems primarily from concerns over security and terrorism, not the recession. With the recent attacks in Mumbai, India's financial center, it is no surprise that Indians are concerned about local terrorism. The size of this attack and the slowness of the government to intervene have increased the fear amongst the population.

Consumer behavior appears to be largely unchanged in regards to purchase of everyday items like rice and shampoo. But consumers do admit that to save money in these uncertain times they have been cutting back or waiting for promotions on branded apparel and shoes. Families are trimming their entertainment and dining out budget as well.

One area of spending that remains consistent is on mobile phones. Almost one fifth of the respondents have recently upgraded their phone and often to a more expensive model. 30% of respondents admitted that they are trying to decrease their phone bill by talking less.

Overall, brands shouldn't be slashing prices since consumer behavior has not drastically changed in most categories. Brands that are in impacted categories need to be even more savvy with their communications by tapping into consumer sentiment. For instance, while Indians may be holding off on upgrading mobile phones, a recent Nokia campaign was extremely successful because it tapped into Indian's optimism and positioned the brand as a means to economic and social progress.

Consumers are also taking a bigger interest in social issues, realizing that turning a blind eye will ultimately impact their own family. Therefore, brands that are championing corporate responsibility initiatives like *The Times of India*, Tata Tea and Lifebuoy are commanding a new level of respect from consumers.

### **About JWT's Anxiety Index:**

JWT's AnxietyIndex.com is intended to help brands navigate consumer anxiety. In times of heightened consumer anxiety, what brands need is real-time data that can help them navigate a rapidly changing landscape—they need answers to new questions and a point of view on the types of businesses and business practices that will emerge.

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In the United States, JWT has formally tracked consumer anxiety and the drivers of it for the past six years. We launched our proprietary AnxietyIndex in February 2003 during the run-up to the war in Iraq. The AnxietyIndex tracks the levels and intensity of consumer anxiety and, importantly, the drivers of anxiety. It examines safety and security concerns—the threat of terrorism, potential and current military hostilities, crime, etc.—and economic worries, such as the cost of health care, the cost of living and job security. It also uncovers consumer insights that help inform business and marketing strategies.

More recently, JWT began using the Anxiety Index to track consumer anxiety globally through research and trend-spotting. JWT's Anxiety Index can be found <http://anxietyindex.com/>.

**About JWT APAC:**

JWT, which celebrates its 145th anniversary this year, ranks as the fourth largest full-service network in the world. JWT APAC operates in 19 cities and over 2500 employees. JWT APAC won 'Network Agency of the Year' in 2008. JWT is a WPP Company.

**About JWT India:**

JWT India is one of the leading integrated communications companies with interests in advertising, digital, activation, public relations, direct marketing, design, social and rural communications. It operates through offices in six cities and partners India's best and most admired blue chip clients including Airtel, Bharti Retail, Pepsico, FritoLay, ITC, Hindustan Unilever, GSK Consumer Healthcare, Hero Honda, Sony Vaio, Sony Bravia, Nike, Nestle, Levi's, Pizza Hut, Diamond Trading Co, , Kellogg's, Tisco, Exide, Ford and GE, among others. JWT works with 26 of the top 100 super brands ranked by Superbrands India, and 9 of the top 25 Most Trusted Brands in India as per the Economic Times Brand Equity Survey. JWT is a WPP company.

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