

Consumers' outlook grim, poll finds

Almost half of those surveyed in 17 countries worldwide feel economic downturn will worsen in near future

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RHÉAL SÉGUIN
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QUEBEC — The prospects of a deep recession and little hope for a quick recovery have left nearly half of the consumers in the industrialized world bonded by a common sense of pessimism, according to the first-ever worldwide poll on the current financial crisis.

If misery loves company, Canadians can take solace in the fact that they share their grim outlook with consumers around the globe, as well as a general mistrust toward governments to manage the financial situation and toward banks and the stock market to bring back stability.

According to The Globe and Mail/Worldwide Independent Network of Market Research survey of 14,555 people conducted in 17 countries late last fall, negative consumer perceptions threaten to fuel the recession as consumers put off buying such big-ticket items as houses.

The Worldwide Independent Network of Market Research is an international group of major independent pollsters who have created the WIN Crisis Index to monitor citizens' perceptions of the financial crisis in their country. WIN president Jean-Mark Léger, who heads Montreal-based Léger Marketing, said indicators show that in the late fall the global economy was at the first stage of a crisis that could deepen depending on consumer behaviour.

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“What we have done is plunge the thermometer into the mouth of the world population to measure the temperature,” Mr. Léger said. “Now we have to monitor whether the patient will get worse in the coming months or whether he will soon get out of this crisis.”

Close to half of the respondents – 49 per cent – believed the economic situation would worsen in the next three months, according to the poll. In Canada, 61 per cent felt the situation would get worse, compared with 78 per cent in the United Kingdom, 70 per cent in Japan, 68 per cent in Germany and 66 per cent in France. Over all, only 8 per cent of citizens of the G8 countries believed the financial situation would improve in the short term.

Despite the market meltdown stemming from the financial crisis in the United States, Americans appeared less pessimistic than other G8 industrialized countries, with 46 per cent saying the situation would get worse. Americans also expressed a higher level of trust toward their government to manage the crisis – largely, the pollsters concluded, because of the arrival of a new administration under president-elect Barack Obama, who takes office next week. On a scale of 1 to 10 measuring the level of trust in their government, Americans give their political leaders a mark of 6.3, compared with 4.8 in Canada, the poll showed.

The economic downturn had yet to affect consumer perceptions in emerging countries such as Brazil, India and China, where the majority said the situation would either remain the same or get better in the coming months. Respondents in Russia were less optimistic.

“What we are seeing is a yellow warning light throughout the world. It will turn red if most consumers not only stop buying houses and other big-ticket items such as cars and major household products but also essential goods and services,” Mr. Léger said, noting that 43 per cent of all those polled believed this was not a good time to buy a house. “Some countries still remain positive, but the global general perception is increasingly negative.”

But there are contradictions in consumer perceptions. When asked whether they expect their family income to increase, remain the same or decrease over the next 12 months, only 24 per cent of respondents believed their income would decrease, despite the financial crisis.

“What this says is that most people believe the crisis will affect the other guy. They have not yet directly felt its impact,” Mr. Léger said. For instance, despite rising unemployment and concerns about the economy, 53 per cent of Canadians said they believe their income would remain the same, and another 26 per cent said it would increase.

Canadians also have more trust in the solidity and stability of their banking system than do other citizens, but are becoming increasingly skeptical, according to Mr. Léger. On a scale of 1 to 10, they give banks a level of trust of 6.3, compared with 5.4 in the U.S. and only 4.0 in Germany. “Canadians and other citizens usually have a level of trust in their banks that is much higher, closer to the 9.0 mark,” Mr. Léger said. “Nonetheless, Canadians believe the banking system is protecting them from the financial crisis.”

Canadians are among those who have the least confidence in the stock market – 3.5 on a 1-to-10 scale, compared with Brazil at 5.7 and the U.S. at 4.3.

Léger Marketing conducted the Canadian portion of the international poll, interviewing 1,511 people between Nov. 19 and Nov. 23, 2008. In other countries, the survey was conducted at various intervals between Nov. 6 and Dec. 26.

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