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ANXIETY
INDEX
QUARTERLY

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WHAT HOPE-FUELED
MARKETS CAN
TEACH BRANDS

TOPLINE FINDINGS

In analyzing 10 markets so far this year through our AnxietyIndex research, we have found that they tend to fit into one of two buckets: fear-fueled and hope-fueled. Not surprisingly, the hope-fueled markets comprise what are considered the emerging economies: Brazil, India and China (BIC). While Russia is normally grouped with these three as a fast-growing market, we found that it falls into the fear-fueled camp along with the seven established economies we looked at.

What sets hope-fueled markets apart from fear-fueled markets is not their anxiety levels and drivers but their predisposition to optimism and how they move past their anxieties. While people in the fear-fueled markets expect most things to get worse—from the national infrastructure to the budget deficit to the economy—the BIC markets feel that a preponderance of factors will improve. Hope just might be the antidote to anxiety.

These optimistic and pessimistic mind-sets are manifesting themselves in brand behavior—for better and for worse. While brands in hope-fueled markets are playing to win, many in fear-fueled markets are playing not to lose. The latter are focused on discounting, deals and promotions. The former, on the other hand, are focused on how they want things to be and how they can get there. As a result, they are innovating, investing and experimenting with the hope of creating new and better futures for their consumers. And while there are instances of hope-fueled brands in fear-fueled markets and vice versa, each country's mind-set is largely driving brand attitudes and actions.

Brands in established, fear-fueled markets need to develop their more positive, optimistic, aggressive side—they must take a cue from the hope-fueled brands in BIC.

Rather than take a defensive approach in this recession—trying to stem further losses, protect share, attenuate risks, etc.—brands should go on the offensive. And as those in emerging markets do, brands should see opportunities where everyone else sees challenges.

In our second AnxietyIndex Quarterly, we lay out this argument and offer three recommendations for how brands can embrace and act on this thinking:

1. Inspire consumers, don't empathize with them
2. Imagine new futures
3. Return to the core value of hope

About AnxietyIndex Quarterly

During periods of heightened consumer anxiety, brands need 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 out of the crisis.

JWT should know. At 145 years old, we have a proven track record of leading brands through pivotal times.

We've done this by providing tools to help brands succeed. One such tool is our proprietary AnxietyIndex, launched during the run-up to the war in Iraq; it tracks the level and drivers of consumer anxiety and explores how these affect attitudes and behaviors.

Earlier this year, we expanded upon our AnxietyIndex by debuting www.AnxietyIndex.com. With daily content updates and major research and trend reports added frequently, this interactive site is intended as a place to discover and discuss how brands and consumers are responding to and coping with the global recession.











Last spring we launched our AnxietyIndex Quarterly. This second issue seeks to contextualize the AnxietyIndex.com content we published in the second quarter, presenting a major theme that emerged and offering recommendations on how brands can address this challenge.

FEAR- AND HOPE-FUELED MARKETS

In analyzing 10 markets this year through our AnxietyIndex, we have found that they tend to fit into one of two buckets: fear-fueled or hope-fueled, as outlined below.

Fear-Fueled	Hope-Fueled
Flat is the new up	Up is the new up
Pessimism	Optimism
Eyes on the past	Eyes on the future
Attenuating the risk	Taking risks
Playing not to lose	Playing to win

Not surprisingly, the hope-fueled markets comprise what are considered the emerging economies: Brazil, India and China (BIC). The exception here is Russia, which falls into the fear-fueled camp along with established economies like the U.S., the U.K., Australia, Japan and, to a lesser extent, Spain and Canada. (See Appendix for more on Russia.)

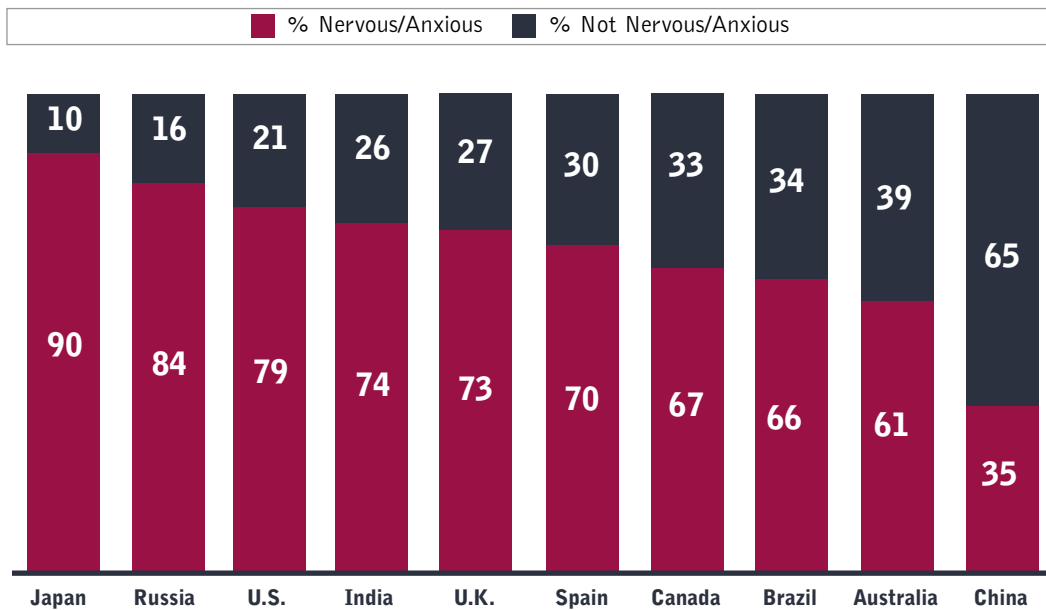
Fear-Fueled	Hope-Fueled
<p>JAPAN </p> <p>U.K. </p> <p>AUSTRALIA </p> <p>RUSSIA </p> <p>U.S. </p> <p>CANADA </p> <p>SPAIN </p>	<p>INDIA </p> <p>CHINA </p> <p>BRAZIL </p>

ANXIETY LEVELS AND DRIVERS

Levels of anxiety vary significantly across the 10 markets we surveyed, ranging from a low of 35 percent in China to a high of 90 percent in Japan. (See Figure 1.) Since this quarterly focuses on the hope-fueled markets of Brazil, India and China, this section takes a closer look at their anxiety levels and drivers.

Figure 1: Levels of anxiety

Overall, given everything that is going on in the world, the country, and your family's life, how nervous or anxious would you say you currently are?



China: With by far the largest economic stimulus plan in the world, China appears to have weathered the worst of the global recession. Policies aimed at developing the huge rural market, along with brands' price promotions, seem to have helped keep the larger economy out of trouble.

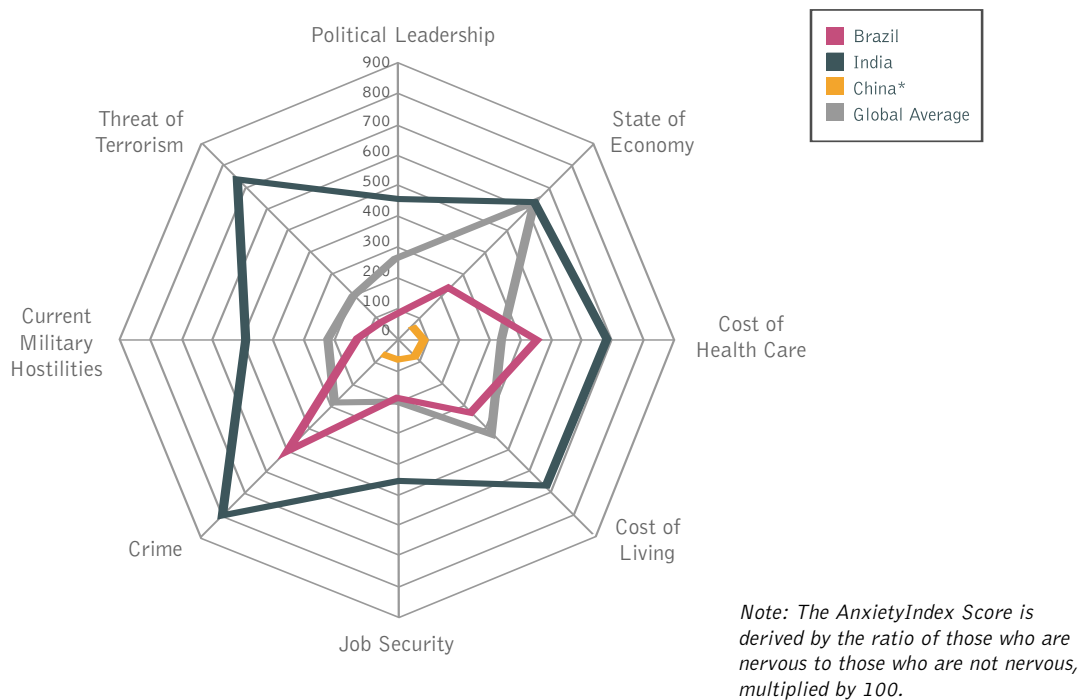
If anything, anxiety in China skews toward the lower income groups, with 47 percent of respondents earning under 3000RMB saying they're anxious (see Appendix), compared with 35 percent overall. The one badly hit part of the economy is the export sector, which employs many low-skill workers—an estimated 20 million have been laid off. Coupled with a weak social security system, this has made the lower-income consumer feel more vulnerable.

While unemployment is a concern, it is food safety that stands out as a key driver of anxiety in China—understandable, given the recent melamine scandal. (See Appendix.)

India: Three-quarters of Indians we surveyed say they are feeling anxious. Anxiety in India is driven largely by safety and security issues (see Figure 2)—what’s weighing on people’s minds are the sensitive situation in Kashmir, external threats and last year’s terror attacks in Mumbai. The media’s constant reporting of theft, murder or rape in the cities only aggravates nervousness.

Figure 2: Drivers of anxiety: BIC vs. global average

Events in your life, in the country and in the world can make people nervous or anxious. For each of the following, please indicate how nervous or anxious you currently are, or not.



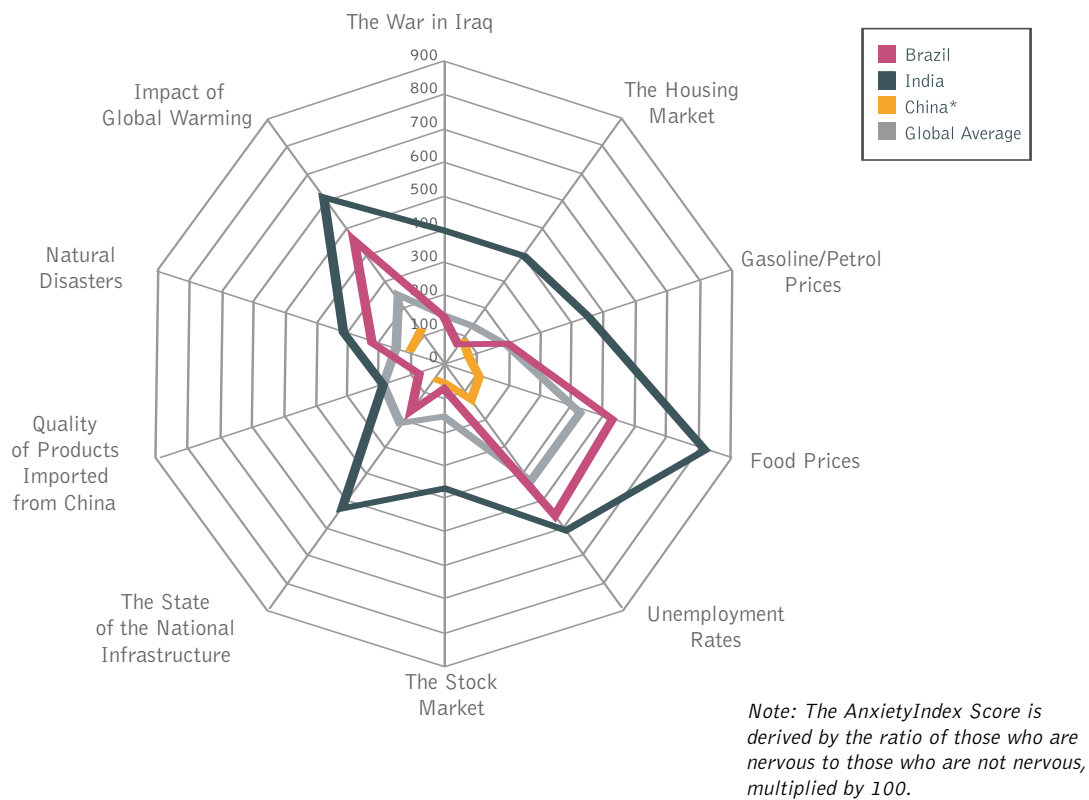
*These following anxiety drivers—political leadership, threat of terrorism, potential and current military hostilities—were not explored in China.

Food prices are also worrying Indians. (See Figure 3.) The cost of staples such as potatoes, onions and tomatoes has shot up by as much as 25 percent in the last few months due to delayed monsoons that destroyed crops, coupled with a rise in fuel prices.

India’s anxieties about the economy are in line with the average of the 10 countries we surveyed. Like China, India has remained relatively insulated from the global downturn. Key sectors are performing well, there’s growing rural demand, and in the wake of the recent presidential election, the country is politically stable. Worry in India stems from issues that impact people’s day-to-day lives but over which they have no control.

Figure 3: Specific drivers of anxiety: BIC vs. global average

Events in your life, in the country and in the world can make people nervous or anxious. For each of the following, please indicate how nervous or anxious you currently are, or not.



*These following anxiety drivers—the war in Afghanistan, quality of products imported from China—were not explored in China.

Brazil: Two-thirds of Brazilians report anxiety. Citizens are most anxious about crime, government corruption and violence. (See Figure 3 and Appendix.) While the crisis has affected Brazil—and the official index indicates a rise in unemployment—few feel they’ve been hit hard. This is likely because the Brazilian economy is still very informal, and because Brazilians tend to find opportunity in crisis.

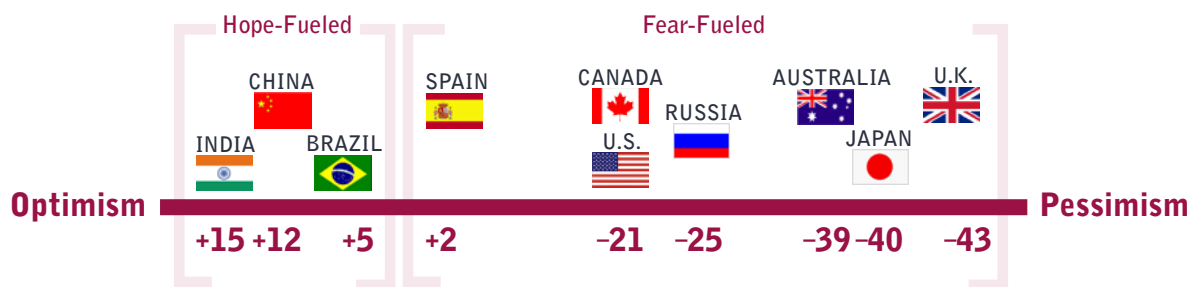
And therein lies the real difference between the hope-fueled markets and the fear-fueled markets: a predisposition to optimism.

OUTLOOK

Anxiety alone does not tell the story here. The key difference between hope- and fear-fueled markets is their positive outlook and how they move past their anxieties.

The optimism scores in Figure 4 illustrate this. To arrive at a country's score, we asked people in each country whether they expected a variety of factors—from the national infrastructure to job security to the economy—to get better or worse over the next six months; we then averaged the net-better/net-worse scores.

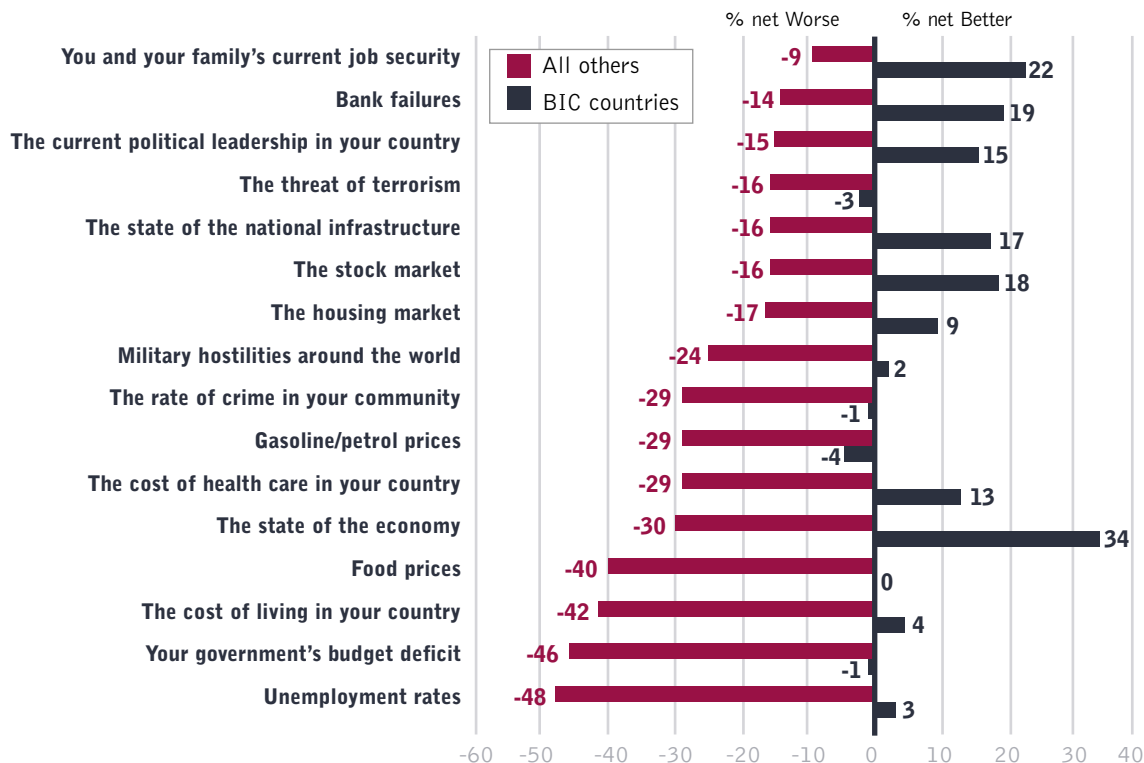
Figure 4: Optimism scores: Hope-fueled vs. fear-fueled markets



To dramatize this in a bit more detail, Figure 5 shows that while people in fear-fueled markets expect most factors to get worse in the next six months, the BIC markets believe that a preponderance of factors will improve.

Figure 5: Optimism vs. pessimism: BIC vs. fear-fueled markets

Over the next six months, do you expect that each of the following will get better, stay the same or get worse?

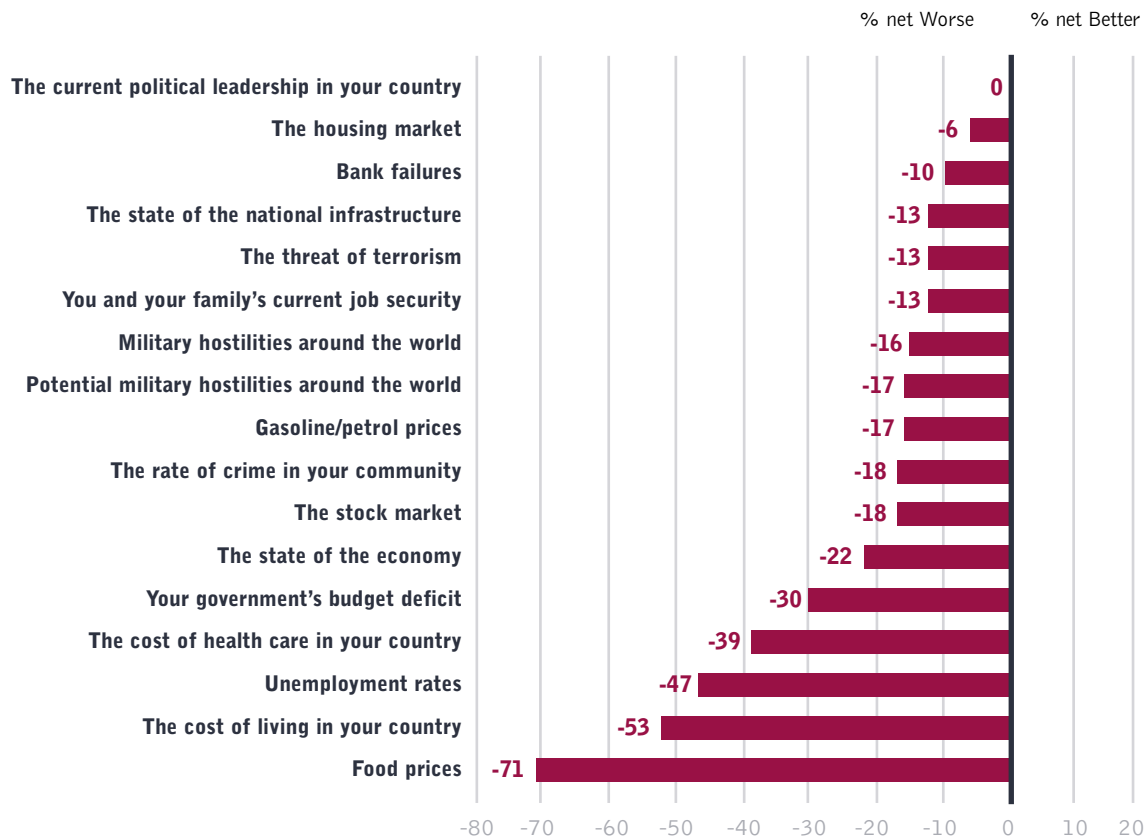


IT'S BIC, NOT BRIC

In looking at anxiety coupled with optimism/pessimism, Russia is distanced from the markets it tends to be associated with. Unlike Brazil, India and China—which are relatively optimistic amid close-to-home anxieties—Russia is not only anxious, it is also extremely pessimistic. (See Figure 6.) Memories of the '98 financial crisis are still top-of-mind for Russians, and most believe this crisis will be long-lasting. Amid layoffs and salary cuts, Russians are seeing a reduction in household income even as the cost of products and services continues to climb—prices are two to three times higher in Moscow than in other European capitals. So in this case, it's BIC not BRIC.

Figure 6: Pessimism: Russia

Over the next six months, do you expect that each of the following will get better, stay the same or get worse?



HOPE- AND FEAR-FUELED BRANDS

While today’s realities help to determine the anxiety drivers and optimism in each market, mind-set is proving to be significant as well.

Hope-fueled markets have demonstrated incredible resilience, and they are resolutely moving forward, to progress. Despite (and perhaps because of) their focus on closer-to-home concerns—some of which are legacy—they are driven by everything there is to gain.

Fear-fueled markets, on the other hand, don’t appear to be pushing past their present-day problems. They’re going the safe route, rather than adopting a risk-taking, nothing-to-lose approach. While hope-fueled markets are playing to win—think America at the height of the Industrial Revolution—fear-fueled markets are playing not to lose. As a result, they are exposing their softness.

These optimistic and pessimistic mind-sets are manifesting themselves in brand behavior—for better and for worse. Whereas hope-fueled brands are asking questions suited for leaders, fear-fueled brands are asking questions more suited for followers.

Fear-Fueled Brands Ask ...	Hope-Fueled Brands Ask ...
How do we defend the brand or the category?	How do we revolutionize the brand or the category?
How do we save the category or industry?	How do we create a new category or industry? What are the opportunities in adjacent categories?
How do we protect our ground?	What ground can we capture?
How do we restore our market share, share price, brand image and stature?	How do we build our market share, share price, brand image and stature?
How can we better mirror the consumer? How do we empathize with them?	How do we inspire the consumer? How can we drive consumer aspirations?

While there are instances of hope-fueled brands in fear-fueled markets and vice versa, each country’s mind-set is largely driving brand attitudes and actions.

With less to lose, brands in the hope-fueled markets are focused on innovating, investing and experimenting, in an effort to create new and better futures for their consumers. It’s no surprise that we haven’t found a plethora of brands in the BIC markets that are overtly referencing the economy. If anything, recession-related efforts have taken a very optimistic tone.

One example of this comes from [Airtel](#). The latest campaign for India’s No. 1 telecom service sees the return of screen couple Madhavan and Vidya Balan (both famous Indian actors), with Madhavan repeatedly sending romantic text messages to his wife. She retorts that in these times, one should use money judiciously. To which he says, “There should be no cutbacks in

love.” Airtel drove awareness for its customizable mobile plans by playing on the current sentiment of cautious spending, but it did so in an almost playful way.

In fear-fueled markets, we see brands erring on the side of conservatism, fueled by a desire not to lose ground. Brands seem to be obsessed with restoring their markets, market share, share price, brand image and stature to what they once were. Although this is in fact the best time for brands to take risks—when consumers are changing behaviors, trying new things, etc.—nothing extraordinary is happening. Nothing famous is going on. Brand behavior has been predictable. Hence we’re seeing a lot of copycat tactics, many related to price, value and promotions that are meant to move product now.

Novel ideas like [Hyundai’s Assurance Plan](#)—which many other companies are picking up and adapting to their own categories—are few and far between. Most of the time, the conservative approach wins out over a creative solution. For example, a range of brands are trying to evoke a sense of comfort by [waxing nostalgic](#): “Trying something new for 140 years: Sainsbury’s”; “Tough but gentle for 100 years: Persil”; “Quality worth every penny: M&S celebrating 125 years”; the list goes on.

While it’s perfectly reasonable to ramp up price-led messages during a recession, sometimes brands can go too far and come across as schizophrenic or even alienate their core—as was the case with the [marketing of Las Vegas](#). Last year, Vegas marketers emphasized affordability, describing the city as a place for hard-working people to rest and relax. The campaign showed blue-collar Americans enjoying activities like indoor skydiving. Yet the marketers’ research showed that even during a downturn (perhaps especially during a downturn), people still liked the idea of Las Vegas as a place to indulge. So the old “What Happens Here Stays Here” theme was revived.

How can fear-fueled brands become hope-fueled brands no matter what countries they market in? What can brands learn from hope-fueled markets? How can they exert confidence and optimism while acknowledging the tough times? And how can they shift their loss-mitigation mind-set to a winning mentality?

RECOMMENDATIONS

It seems that there's nowhere to go but up in the big and fast-growing BIC markets. And it shows, in the innovation, nimbleness and winning attitudes coming from brands in these markets.

Brands in established, fear-fueled markets need to develop their more positive, optimistic, aggressive side—they must take a cue from the hope-fueled brands in BIC.

Rather than assume a defensive position in this recession—trying to stem further losses, protect share, attenuate risks, etc.—brands should go on the offensive. And as those in emerging markets do, brands should see opportunities where everyone else sees challenges.

For global brands, a fairly easy way to do this is to ensure that talent from these markets—people who bring an innovative style of marketing—represent a significant share of voice within the organization. How else can brands in fear-fueled markets embrace their inner BIC?

1. Inspire consumers, don't empathize with them. Rather than mirror the fearful behavior of consumers—treating them as downtrodden, penny-pinching and anxious—do as the BIC markets do: Think of consumers as hope-fueled and talk to them accordingly. Don't dwell on the mess that the next generation will inherit; see these consumers as better off than their predecessors. Don't feed resentment; feed ambition and optimism. Be more inspirational and aspirational.

- India's [The Economic Times](#) has created a platform to encourage entrepreneurship by giving people an opportunity to submit their ideas, as well as receive mentoring and the chance for funding. Its "Power of Ideas" contest provides both inspiration and advice for business development in a recession. Over the last decade, the spirit of Indian entrepreneurship has been riding high, and there is now a collective feeling in corporate India that the country will determinedly turn the recession into opportunity. Many headlines reveal this sentiment, like this one, from *The Economic Times*: "Just one big idea can lay off the slowdown."
- Also in India, [Nokia](#) has successfully positioned the brand as a means to economic and social progress. In one TV spot, Nokia highlights the economic aspirations of its target audience and encourages them to keep on dreaming.
- Chinese sports brand [Li Ning](#) has launched a Web site, iRun Club, dedicated to runners across China. Not a new idea, as Nike launched Nike+ a while ago, but what's key is its slogan: "Just run, and be happy." It's a perfect pitch for people looking to de-stress in this volatile time.

Questions to ask: *How do you inspire your consumers? How do you develop and drive new aspirations?*

2. Imagine new futures. Emerging markets and brands in these markets have their eyes firmly on the future. Rather than passively watch events unfold, be actively involved in shaping your future. That may require you to distance yourself from what has been to imagine what could be; legacy can impede a brand from evolving.

- [Bharti Enterprises](#), run by Sunil Mittal, is one of India's biggest conglomerates. It started out in the telecom space—mobile and fixed-line phones—in 1992 and today it is the largest GSM telecom operator in the country. But despite Bharti's success in telecom, Mittal went on to start new businesses in unrelated spheres: He's partnered

with Wal-Mart to become an equally big player in retail; has entered into a joint venture with AXA to provide general and life insurance; and has diversified to offer digital TV, broadband and IPTV (Internet Protocol Television).

- In Brazil, one national bank has re-imagined one of its products, turning the credit card into a lottery vehicle. The bank, [Caixa Econômica](#), is investing in a promotion inspired by Brazilians' faith in the luck of lotteries. This is how it works: Each purchase made with the card generates a coupon that can be raffled. The prize? The bank pays the credit card bill. This means that the more often you spend, the more chances you have to win what you've bought. Betting on a game of faith valued by Brazilians, the bank offers people a chance to reduce worries related to their credit card bills—and maybe worries related to the crisis itself.

Questions to ask: *If you discard your past, what or where will your future be? How can you get there? While your competitors are inwardly focused, what ground would you most like to capture? Which new markets offer the most opportunity for your business, and which should you actively go after?*

3. Return to the core value of hope. Despite their close-to-home anxieties, Brazil, India and China continue to exhibit optimism on a number of fronts, especially relative to developed nations. This positive outlook is manifesting itself in marketing messages. In the developed world, where brands are devolving into commodities, messages that restore hope could help make brands aspirational again.

- In an ad celebrating Chinese New Year, [Coca-Cola](#) smartly leveraged one man's loss of hope to encourage the whole nation. The spot featured Chinese track hero Liu Xiang, the 110-meter-hurdle Olympic champion who had to abruptly withdraw from last year's Summer Games due to an injury. Amid a Chinese New Year setting, with celebrating neighbors and flaring fireworks, we see that Liu hasn't gotten past the bitter memory of the Olympics. His father comes into his room and passes him a bottle of Coke. "Do you know how many hurdles you have leaped over in the past?" he asks. Silence from Liu. "100,006 hurdles," his father continues. "This is just another hurdle in your life." The spot ends with a revived Liu knocking at his father's door and handing him a bottle of Coke.
- Brazilian flip-flop maker [Havaianas](#) also finds hope in adversity. In one commercial, a "roda de samba" (an informal gathering of people playing samba songs, a popular event all over Brazil) is interrupted by an earnest woman who complains: "How can you possibly be laughing and having fun while there is a crisis going on in the world?" The stunned crowd falls silent until someone lets out: "Talk about sadness!" This is immediately picked up by someone who breaks into a popular samba song that goes "Sadness, please go away!" The rest of the crowd follows happily along.

Questions to ask: *What does hope look like for your brand? How do you develop and drive hope, especially when the situation might feel hopeless for some?*

For brands in BIC markets, the advice is simple: Keep going. Look at what you can teach the rest of the world. In fear-fueled markets, brands can win by standing out as being hope-fueled. Resist feeding the anxiety. Instead, start thinking and acting like brands in emerging economies—future-forward, optimistic and extremely opportunistic—because this is the best time to take risks. Seeing the world from the BIC markets' unique vantage point will go a long way toward reinvigorating and perhaps revolutionizing your brand.

APPENDIX

ANXIETY IN RUSSIA

Russians were the most intensely anxious consumers among the 10 countries JWT has surveyed so far this year (in March 2009, we surveyed 205 Russian adults 18-plus). They feel that Russia is suffering the most in this global recession, ahead of the U.S.

Memories of the '98 financial crisis are still top-of-mind, and most Russians believe this crisis will be long-lasting. There's a panicked mood among circles of friends and colleagues, and for good reason: With layoffs and salary cuts, Russians are seeing a reduction in their household income even as the cost of products and services continues to climb—prices are two to three times higher in Moscow than in other European capitals. (Only petroleum has become a little cheaper with the crisis.) As a result, the country is seeing major cutbacks in consumer spending and a crime wave.

Russians are reducing their expenses and saving more. They are economizing not only in food, clothing and entertainment but also in their pharmaceutical purchases.

Brands can connect with these consumers by speaking simply and clearly to the common people—who are tired of seeing the promotion of unaffordable luxury lifestyles—and emphasizing transparency. Focusing on value is important, as the key criterion for most consumers is the correlation between price and quality.

For more on Russia, download "AnxietyIndex: A Cross-Market Look" from the [Trends and Research](#) section of [AnxietyIndex.com](#). —EKATERINA FILIMONOVA, MOSCOW

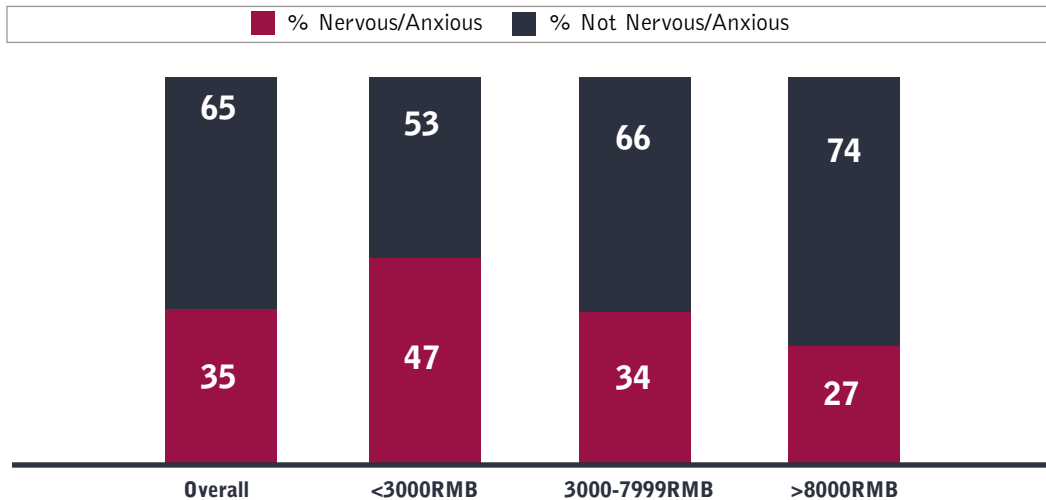
ANXIETY IN CHINA

This past spring, we partnered with Millward Brown ACSR to conduct an AnxietyIndex survey in China using CATI (computer-assisted telephone interviewing). Five hundred adults aged 18-50 were surveyed across Shanghai, Beijing, Guangzhou, Yantai, Nanjing, Baoding, Chengdu, Wuhan, Xian and Shenyang. Quotas were set on age and gender according to natural distribution.

The results showed that Chinese consumers had by far the lowest level of anxiety among the global markets studied: 35 percent reported feeling anxious or nervous, compared with a global average of 70 percent. It's mainly the lower-income groups that show signs of more cautious spending patterns. (See Figure 1.) That's because the crisis has primarily affected the export sector (garments, toys, electronics assembly, etc.), which is very labor-intensive and employs low-skill migrant workers from rural areas. The government estimates that 20 million migrant workers have lost their jobs. Coupled with a weak social security system and rising food prices, this makes the lower-end consumer feel more vulnerable.

Figure 1: Anxiety in China by income group

Overall, given everything that is going on in the world, the country, and your family's life, how nervous or anxious would you say you currently are?



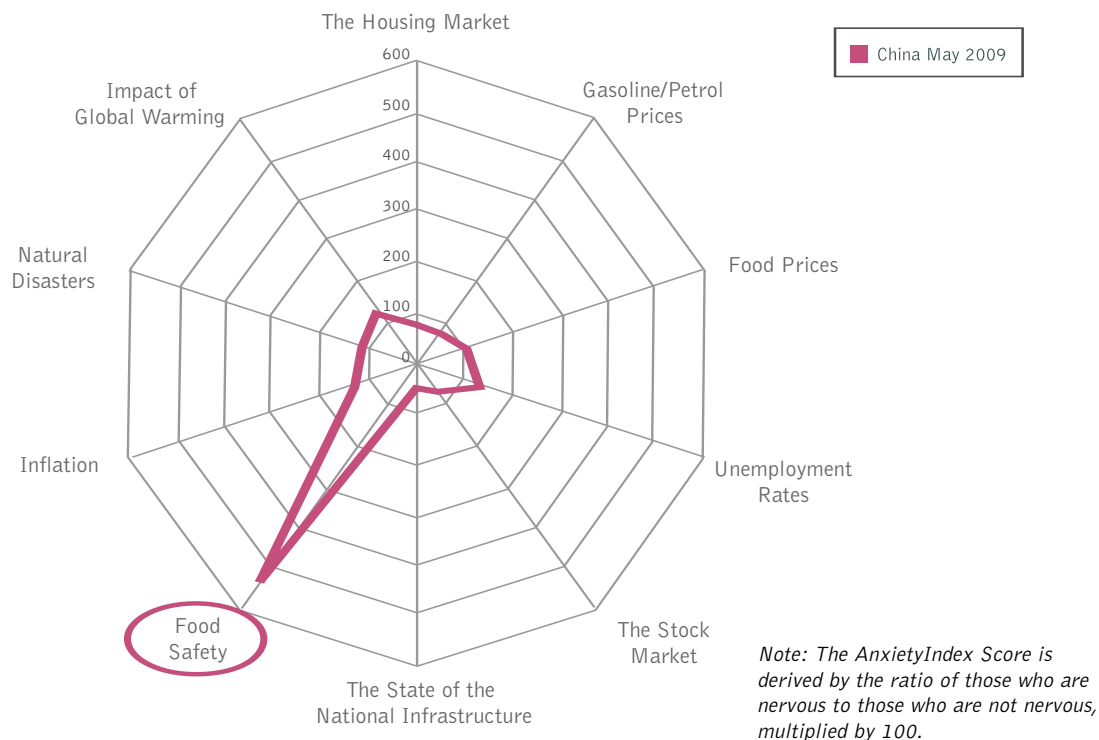
But China's financial markets have been largely insulated from the global financial tsunami, as the market is relative closed to foreign flows and is highly regulated. The more affluent consumers, who are mainly employed by government agencies, state-owned enterprises or JV companies, have felt very little impact. Their savings in the bank are safe, the prices of their homes stable and high, their jobs secure. As most brands target these more affluent consumers, this explains why few marketers have reacted to any mood change.

As a result, general anxieties over the state of the economy and cost of living, among other factors, remains relatively muted—especially compared to the other markets we have surveyed. At a more specific level, however, food safety emerges as a major cause of anxiety. (See Figure 2 on following page.) No surprise, considering that last year's melamine scandal nearly destroyed the Chinese dairy industry.

For more on China, download "AnxietyIndex: China" from the [Trends and Research](#) section of [AnxietyIndex.com](#). —HAIDONG GUAN, SHANGHAI

Figure 2: Specific drivers of anxiety in China

Events in your life, in the country and in the world can make people nervous or anxious. For each of the following, please indicate how nervous or anxious you currently are, or not.



ANXIETY IN BRAZIL

“We’ve already been through a series of economic crises, and no one died because of them”—this seems to be the dominant attitude among Brazilian adults. And in fact, Brazilians now have a stable currency and are living in times of effective social mobility.

While the crisis has affected Brazil—and the official index indicates a rise in unemployment—few feel they’ve been hit hard. This is likely because the Brazilian economy is still very informal and also because Brazilians tend to find opportunity in crisis. People deal with high unemployment in enterprising ways: selling foodstuffs or beauty products, performing services like house painting and gardening, etc.

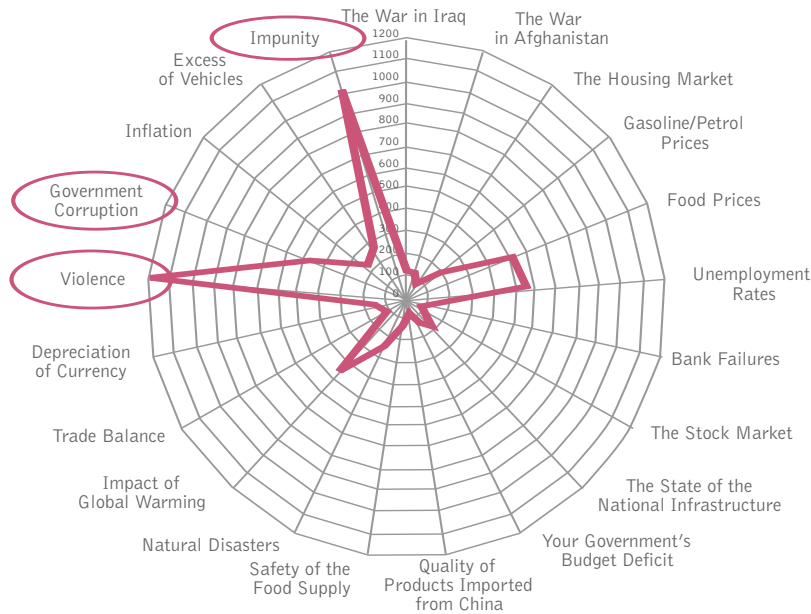
Despite this tendency to brush off temporary woes and to find opportunity in crisis, even the most optimistic people sometimes feel defeated by the country’s deeply entrenched problems, primarily its crime, government corruption and violence. (See Figure 3.)

To counteract this anxiety, brands are reinforcing, reflecting and even driving consumer optimism. Brands can also get behind Brazilians by helping or encouraging them to take advantage of whatever opportunities exist.

For more on Brazil, download the Brazil version of “The Recession and Its Impact on the Youth Market” from the [Trends and Research](#) section of [AnxietyIndex.com](#). —KEN FUJIOKA, SÃO PAULO

Figure 3: Specific drivers of anxiety in Brazil

Events in your life, in the country and in the world can make people nervous or anxious. For each of the following, please indicate how nervous or anxious you currently are, or not.



Note: The AnxietyIndex Score is derived by the ratio of those who are nervous to those who are not nervous, multiplied by 100.

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