



Global TGI Barometer
October 2008
Issue 36: For Recession Marketing, Think Thrifty

News headlines are no longer speculating about recession across global markets. With big players in finance either running for cover or getting swept away, the imminent rough times ahead are causing individuals to worry about their own financial security. Companies across most sectors are bracing for the slump, and consumers are tightening their budgets as they prepare for the worst.

The reaction in business has been to cut costs where possible, especially in marketing. This approach may require more careful consideration, however. In a downturn, marketers share a vital need to research their customers and understand how consumer spending habits are being affected by tighter budgets. Those who understand price sensitive shoppers and communicate effectively with them will gain market share over the weaker companies that go silent during a recession.

Thinking Thrifty

Marketers are using Global TGI tools and analysis methods to scrutinize the fine details of cautious shoppers' behaviour in 60+ countries around the world. To examine consumer segments in each country, analysts group them together using data from TGI, a global network of single source market research surveys. Included in the prudent spenders, or "Thrifties" target group are individuals who "spend money more carefully now than before," and "look for the lowest possible prices" when they go shopping. Once segmented, a wealth of information is available to lay bare the attitudes and spending habits of frugal consumers across the globe.

Women and men

Global TGI data reveal that in most countries, women are more likely than men to spend cautiously. In Lebanon, for example, women are 24% more likely than men to look for the lowest price when shopping and 22% more likely to plan their expenditures before leaving on a shopping trip.

As one might imagine, there are certain product categories for which men will restrain their spending impulse more than women. In Mexico, for example, women are 25% more likely than men to spend a lot of money on toiletries and cosmetics. Nonetheless, the nature of impulse spending varies from country to country, and in Iran, 10% more men than women find it difficult to resist the allure of cologne, perfume and other expensive fragrances.

Wise and Frugal With Age

Age brings wisdom, wrinkles, and careful spending habits according to TGI respondents around the world. Perhaps thriftiness is a lesson learned as one adjusts to the responsibilities of adulthood. In line with this theory is the fact that few young people fit in the Thrifties target group, although this tendency is expected to shift as economic conditions deteriorate. Teenagers in Turkey are 19% less likely than average to be frugal, whereas 45-54 year olds are 9% more likely. The tendency



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towards increased prudence in spending only holds until a certain point in life, and around the age of 75 people revert to the 'reckless spending' of their youth.

No Worries

Those who might benefit most from prudent spending habits are sometimes the least likely to follow them. This is the case for the temporarily unemployed in some countries. In the United States, for example, respondents who are momentarily out of work are 22% less likely than average to be careful in their spending. Those adults who have never been employed are even less likely to shop cautiously, perhaps because the value of money is only appreciated when one has worked hard to earn it.

Some Thrifty Insights

People in the 'Thrifties' segment are more inclined to buy national products. One example of this tendency comes from the TGI survey responses in Croatia, where Thrifties are 20% more likely to "buy goods produced [in their] own country" whenever possible. They also seem to be partial towards regionally produced goods. For example, when choosing between foreign and regionally produced household appliances, Croatian Thrifties show a strong preference for products made by Gorenje, a company based in neighbouring Slovenia.

When asked about grocery shopping, cautious customers stated that they are happy to buy supermarket-branded products rather than well known brands. In Ireland, they are 41% more likely than average to think that supermarket's brands are made by the big manufacturers anyway. Irish Thrifties also respond well to sales promotions, in particular those that offer extra product for free, and 2 for 1 multibuy offers.

When booking holidays, prudent spenders in the UAE are far more likely than the population average to personally visit a travel shop. They are also 29% more inclined to consider price the most important factor in their holiday planning decisions. And being frugal doesn't mean you have to save money by staying home all the time. In fact, Emirati Thrifties are 18% more likely than average to have taken a holiday away from their hometown in the last 12 months.

A significant proportion of Japanese acknowledge their own frugal spending habits; 39% of respondents stated that when shopping for goods, they "don't care about the brand name if the price is cheap." In Japan, after-sale service is an important factor in purchase decisions, and only 14% of respondents will choose to buy cheap products if this service is not available. Travelling long distances to find the cheapest price doesn't seem to be a problem for many Japanese, as 42% of respondents stated that they prefer to shop at cheaper establishments, even if they are far away.



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Editors' Notes

Global TGI is an international network of single-source consumer and media studies, available in over 50 countries worldwide. Used by brand owners, media owners and agencies, it measures consumers' product and brand usage, media consumption and attitudes, based on large samples - over 700,000 respondents annually worldwide. A typical survey will cover around 4,000 brands and 500 product categories.

The Global TGI network of studies is operated by KMR Group. KMR Group is part of Kantar, WPP's insight, information and consultancy division. For more information, visit www.kmr-group.com.