



December 2008

## Consumers and Happiness

a global Nielsen  
report

**nielsen**  
• • • • •

**INSIDE:**

Financial crisis  
rocks consumer's  
sense of personal security

Women potentially better  
able to cope with recession  
than men

Latin Americans the happiest  
in the world

Happiness little influenced by the global  
environmental situation or politics

.....

How happy consumers are and what underpins this happiness will determine to a large extent how successfully different countries will endure recent global events. With this in mind, Nielsen looks to identify the broad areas in consumer's lives that need to be satisfied before happiness can flourish and the extent to which the recent financial crisis has the potential to dampen consumer's spirits and confidence.

According to Nielsen global research conducted in May 2008, consumers in developing nations appear more joyful than their wealthier counterparts. The survey, covering 48 markets and over 28,000 happy and not-so-happy respondents, found that overall Latin Americans rate their current levels of happiness the highest (7.1 out of 10), followed by North Americans (6.4). Asia Pacific (6.3) is the third most happy region, with consumers in Europe (6.2) and emerging markets (EEMEA) (6.0) finding it a bit harder to smile over their lot. Despite rising crime and predictions that their economy would continue to slow in 2008<sup>1</sup> Mexicans have the most spring in their step, followed by the Finns and Canadians.

Egyptian online consumers have the lowest happiness score (5.4 points out of 10). Taiwanese and Portuguese are also more likely to be dragging their lips on the ground compared with other countries (5.6).

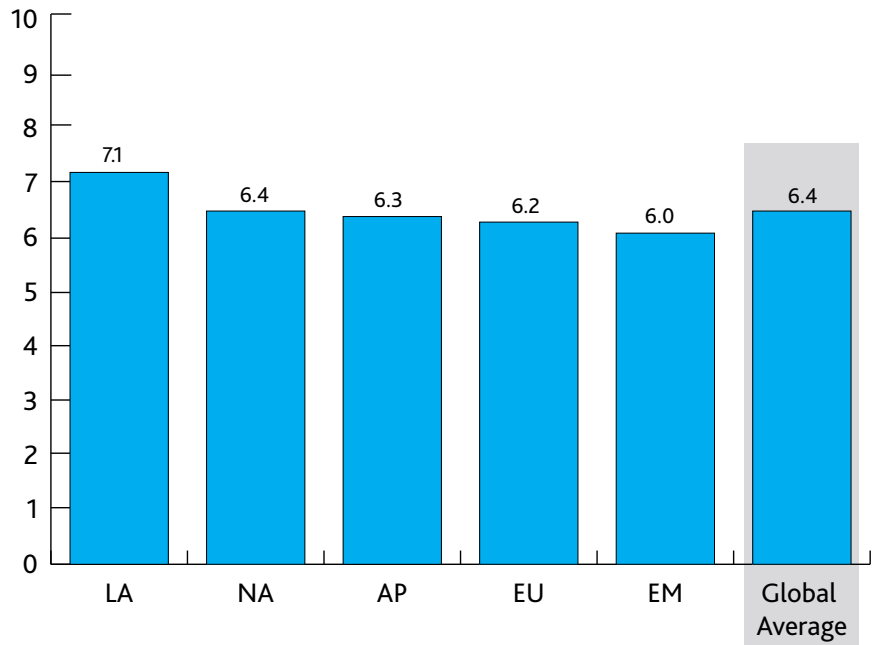
Developing markets are more optimistic about the future. Latin Americans believed their happiness would be 1.5 points higher in 6 months, followed by Asia Pacific (+0.9). Consumers in EEMEA seemed a little more hesitant with happiness only expected to increase 0.5 points. North America and Europe were the most pessimistic with happiness only expected to increase 0.3 points. If future predictions are correct, Brazilians and Mexicans will be the happiest consumers (8.7 out of 10), followed by the Venezuelans (7.9) and Chinese (7.7).



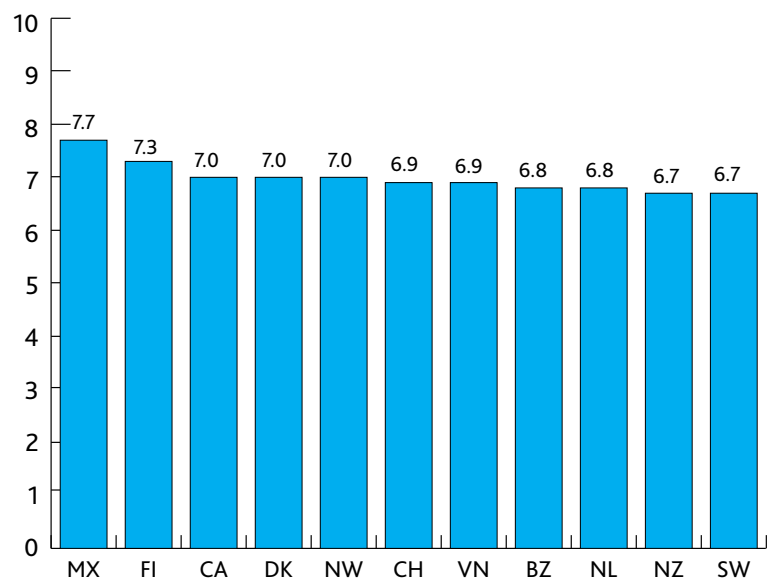
<sup>1</sup>Economist Country Data.



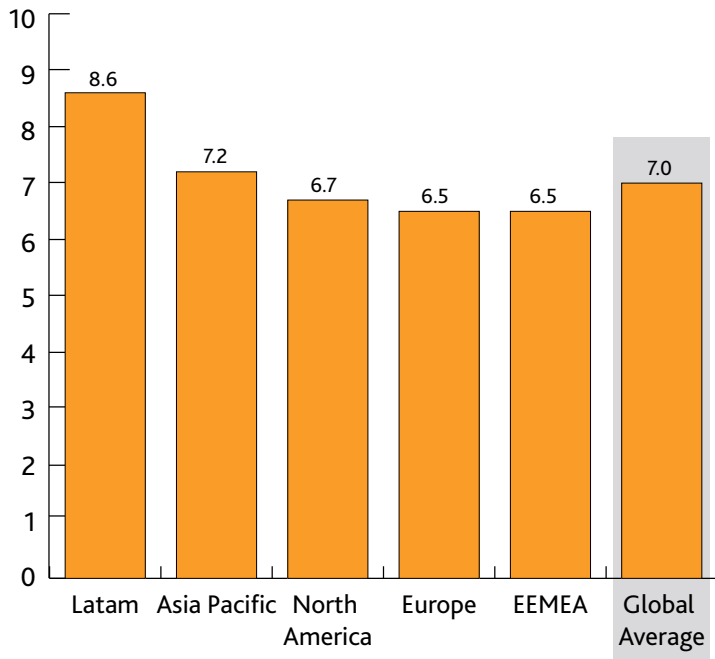
How would you rate your level of happiness?: Today



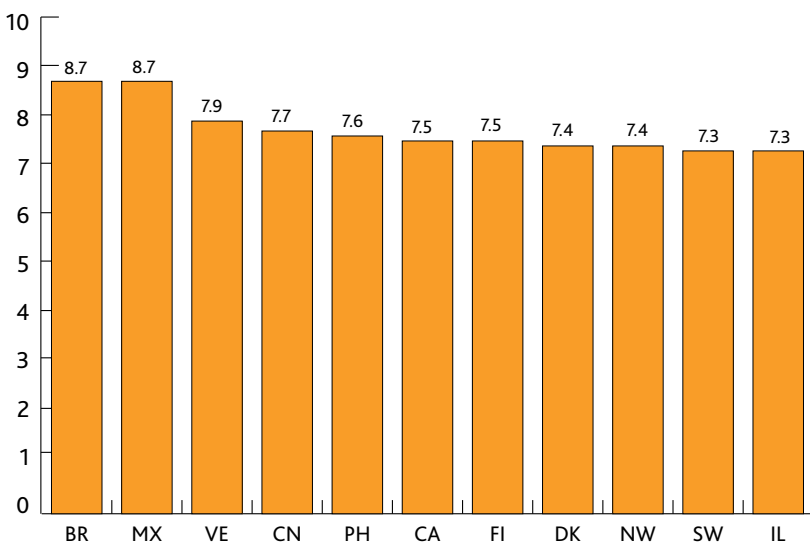
How would you rate your level of happiness?: Top 10 Today



How would you rate your level of happiness?: Next 6 Months



How would you rate your level of happiness?: Top 10 Next 6 Months



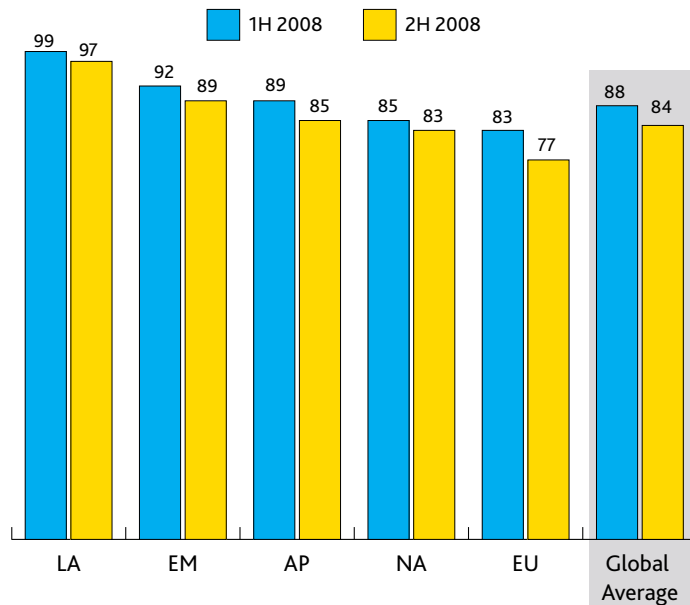
## Consumers potentially less happy in second half of 2008

Nielsen's findings into the key drivers of consumer happiness highlight that as the grim realities of the financial crisis are increasingly felt in the real economy, consumers' future predictions of happiness may not be realized. Globally, those consumers that indicated a high level of happiness also indicated a high level of satisfaction with their personal finances and job and career, which spells doom and gloom if people perceive their livelihoods are at stake.

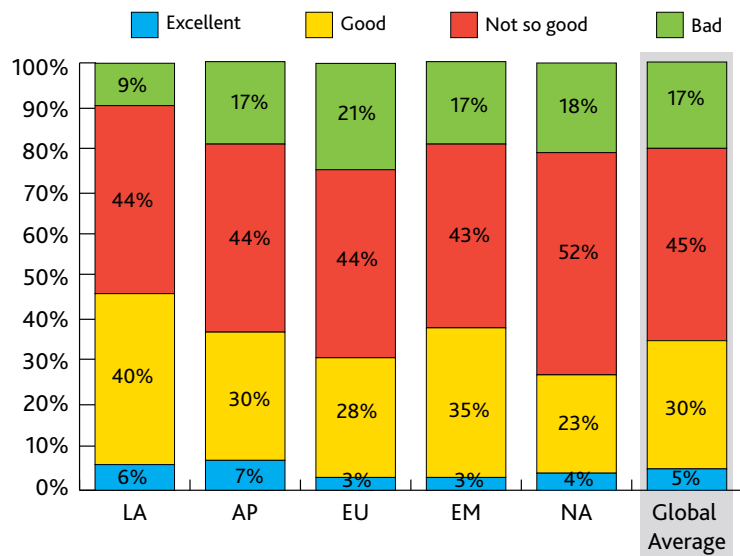
With the latest findings from the Nielsen Consumer Confidence Index<sup>2</sup> dropping in 41 out of the 48 markets surveyed, this may well be the case, especially as the index is calculated based on confidence on the areas that are shown to correlate highly with happiness, namely personal finances and job prospects.

Globally only a third (35%) of consumers perceived local job prospects will be excellent or good over the next 12 months and although almost half (48%) saw personal finances as excellent or good, seven out of 10 online consumers think that the next 12 months won't be a good time to buy the things they need. Not a bright prospect for markets with already flagging retail sales.

### Consumer Confidence Index

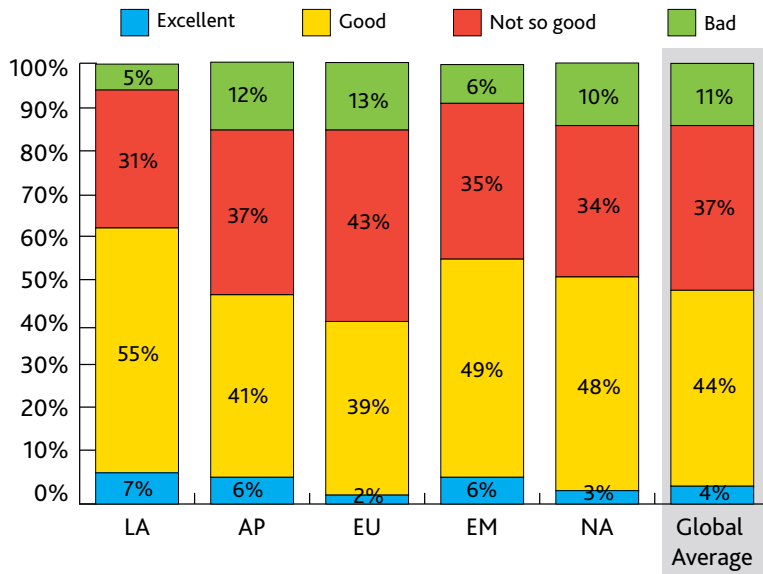


### Perceptions of Local Job Prospects over the NEXT 12 Months



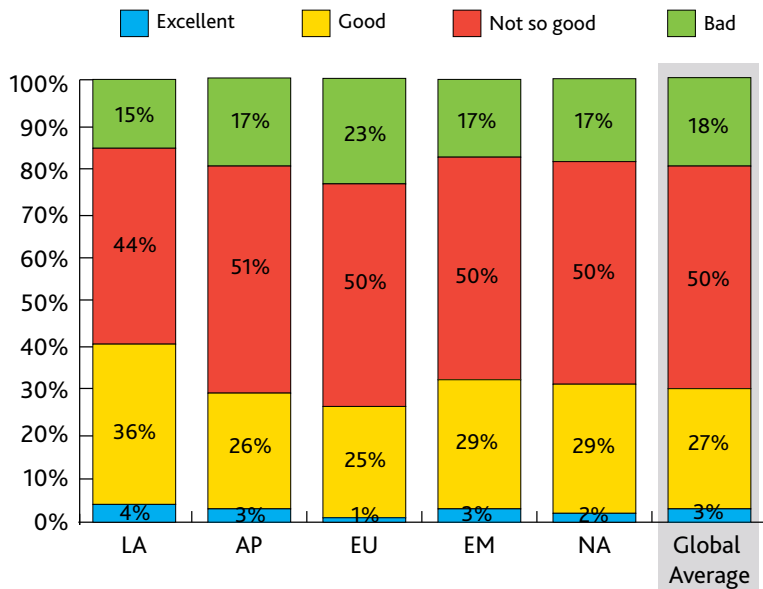
<sup>2</sup>Nielsen Global Consumer Confidence Index. September 2008

### Perceptions of State of Personal Finances over the NEXT 12 Months



In line with being the world's most optimistic consumers, Latin Americans are also the most confident and the most likely to be in the mood to shop. Four out of 10 consumers from Latin America believe the next 12 months will be an excellent or good time to buy, slightly higher than other regions where only three out of 10 believe this is true.

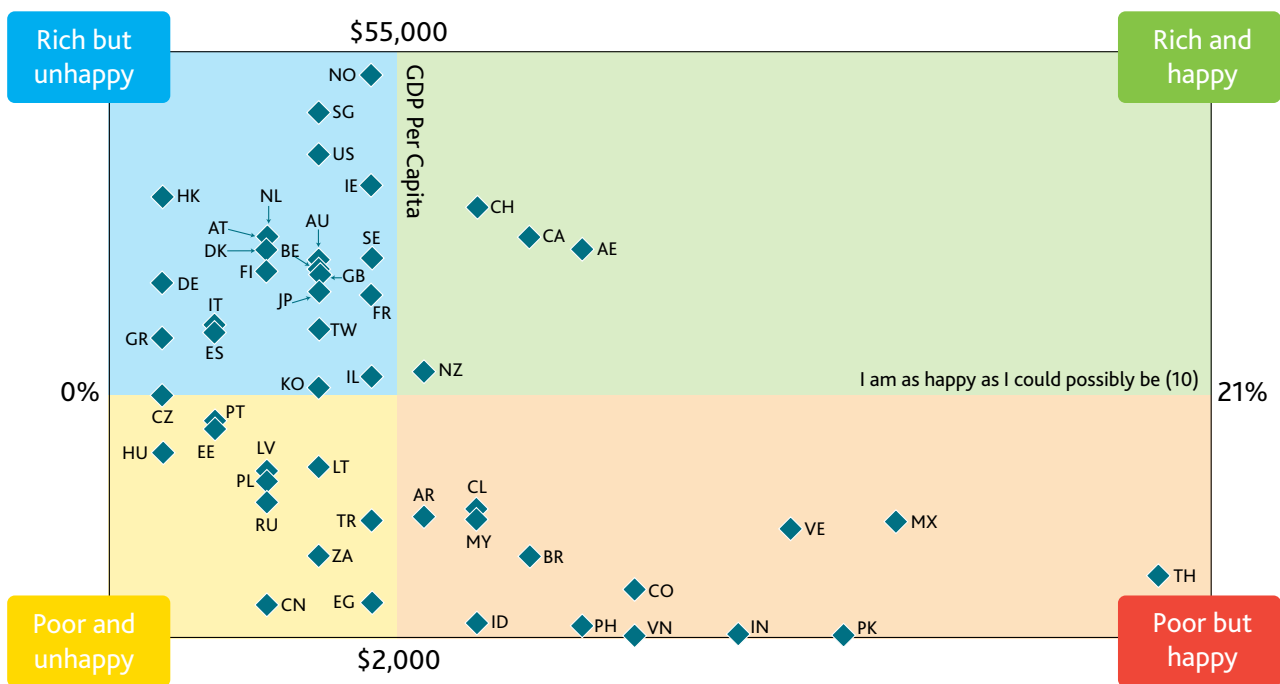
### Perceptions of Good or Bad Time for people to buy the things they want and need over the NEXT 12 Months



Happiness is volatile to external events, cultural and social norms. Though subjective in nature, a pattern has emerged that a market moving out of poverty is more likely to experience a surge in happiness than those markets that now take for granted many of life's little comforts. As people get richer, the benefits from gains in income have less impact and the minimum wealth that they feel is acceptable is continually being raised leading to a sense of discontent with their current financial position.

Bruce Paul, VP Consumer Research, The Nielsen Company USA.

### Happiness vs. GDP - Per Capita (PPP\*) in US\$



Note: Cross Hairs intersect at at (5.5%, \$24,145)  
 Source: The CIA World Factbook; Nielsen Global Online Survey – 1st Half 2008; Nielsen Analysis

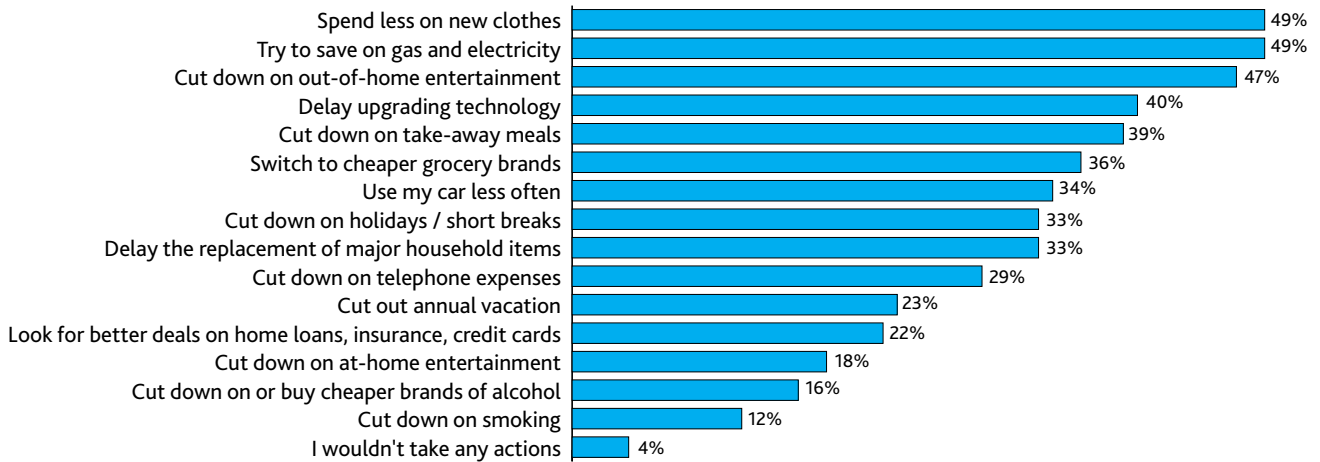
**In a downturn, majority of consumers will remain brand loyal**

Nevertheless, manufacturers of consumer packaged goods shouldn't pack their bags just yet. A recent study conducted in September '08 by Nielsen on where online consumers will look to trim expenses reveals that almost half will look to cut back on clothes and utility bills (potentially not winter clothes as people turn off their heaters to save cash!). Cutting down on out of home entertainment and up-grading technology will also be considered (47% and 40% respectively) before consumers will reduce the amount spent on takeaways and grocery items (39% and 36% respectively).

"The challenge for marketers over the next 12 months as GDP growth and subsequently sales slow globally, will be to ensure their brand remains accessible to consumers by understanding their pricing and packaging needs" said Bruce Paul, Vice President of Consumer Research, The Nielsen Company USA.



**Actions taken to stay within budget in times of rising living costs - Summary**



---

## What makes people around the world happy?

As well as financial security, mental health and a strong relationship were also areas that happy people globally indicated a high level of satisfaction with.

Happy people in Austria, Finland, Norway and the Netherlands also indicated a high level of satisfaction with their sex life. This was also true for consumers in Hong Kong, Indonesia and Vietnam. Satisfaction with one's sex life appears to play a less of a role in determining the happy status of consumers in Latin America and Eastern Europe. It should be noted that consumers in Latin America did indicate a high level of satisfaction with their sex life, which would suggest that even unhappy Latino's are finding time for a romp, but it didn't necessarily raise their spirits.

In Belgium, Denmark, France and Sweden as well as being satisfied with their partner, happy consumers also appear satisfied with their social groups. This is also true for happy Colombians, Venezuelans, Lithuanians and Israelis.

Chipper New Zealanders also indicated a high level of satisfaction with their natural surrounding, though the level of environmental pollution both at a local and global level appear to have little influence on their spirits. This is also true for cheerful consumers in Thailand, Philippines, Belgium, Columbia and Venezuela.

Satisfaction with global conditions, be they political or environmental, have less influence on whether our online respondents indicated they were happy or not. Fairness in society also had little influence.

To further understand which environment is the most conducive to happiness, Nielsen compared the happiness rankings against internationally well-regarded country-level data to see if level of stated happiness went hand in hand with low income inequality, low corruption or peace.. Surprisingly markets which perform poorly on these factors were in many cases the most happy!

"Incomes in developing markets are often growing faster than in already wealthy nations which may provide a more noticeable, continuous and greater sense of personal wellbeing than broad and slower changes to social policy", concluded Bruce Paul.

## Women more likely to remain happy during recession

Women would appear less susceptible to a financial downturn, as their happiness is grounded more in their relationships with their friends, children, co-workers and bosses. Men, however, place greater importance on wealth.

Globally, women were also happier with their sex lives, although men were generally happier with their spouses. Japanese and New Zealand women reported the greatest difference in satisfaction with their sex lives.

Men are generally happier with their physical health than women, and this is especially pronounced in South Africa. Egypt bucks the trend, with women rating their happiness with their health considerably higher than men.

Globally, men rated their happiness with their mental health higher than women. This was echoed in Belgium, South Korea, Mexico, Norway, Spain, Sweden, Egypt, and Israel.

## Conclusion

Happy people are more likely to be satisfied with both their personal finances and the way they make their livelihood. Consumers in developing markets that have achieved high growth over recent years are more likely to have a greater sense of happiness than those in countries where a certain standard of living is guaranteed, even if their country continues to face challenges that are common to poorer nations such as corruption or income inequality.

Given that globally the key drivers for happiness are centered on a sense of financial independence, it is no wonder that consumer confidence has taken a tumble over 2008. Although consumers across markets seemed slightly more optimistic that their personal finances wouldn't necessarily fall within the next 12 months, uncertainty as to future financial gains appears to have made the majority of shoppers uncertain if the next 12 months is the right time to buy.





## About this report

The Nielsen Happiness survey, conducted as part of a global online consumer survey, was conducted in May 2008 among over 28,000 Internet users in 48 markets from Europe, Asia Pacific, North America, Latin America & Emerging Markets.

## About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in New York, USA. For more information, please visit [www.nielsen.com](http://www.nielsen.com) headquarters in New York, USA. For more information, please visit [www.nielsen.com](http://www.nielsen.com)

