

Russia

The Crisis is all in our Minds or the Russians' social mood

Since 1995, GfK-RUS has been monitoring consumer behaviour and public opinion amongst the Russians with respect to their assessment of social mood, the level of satisfaction with the past year and their expectations for the future. Respondents are asked if the past year has been good or bad for them, for their family and their country in general and also whether they expect more good or more bad things for the year to come.

The main part of the study was conducted in May 2008. However, as a result of the changes in economic and social life which occurred in the autumn, we decided to repeat our research in December 2008.

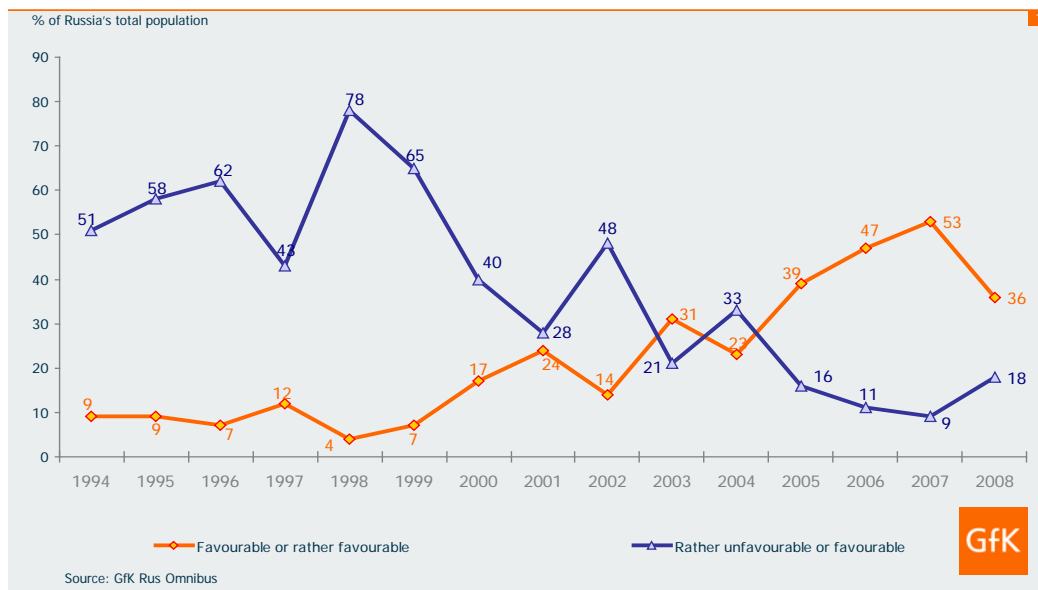
The lowest level of social mood amongst the Russians was recorded in 1998, when only 20% of respondents felt the year had been good for them and their family and 39% considered it to have been bad. In subsequent years, the level of social mood rose steadily until in 2007 58% of respondents considered the past year had been good and just 10% of respondents thought it had been bad.

In December 2008 social mood underwent a reversal compared to the previous year. The assessment of the past year for the respondents, both for their families and for themselves, was still good but was lower than in 2007 with 54% of respondents considering the year to have been good and 12% as bad. These figures correspond to the 2006 level.

At the same time, their assessments of the situation for the country and the expectations for 2009 have dropped dramatically. Thus we find that 36% of respondents considered the past year to have been good for their country in general and 18% that it was bad, whereas in 2007 the figures were 53% and 9% respectively. According to this index, we have returned to the levels of 2003.

Social attitudes

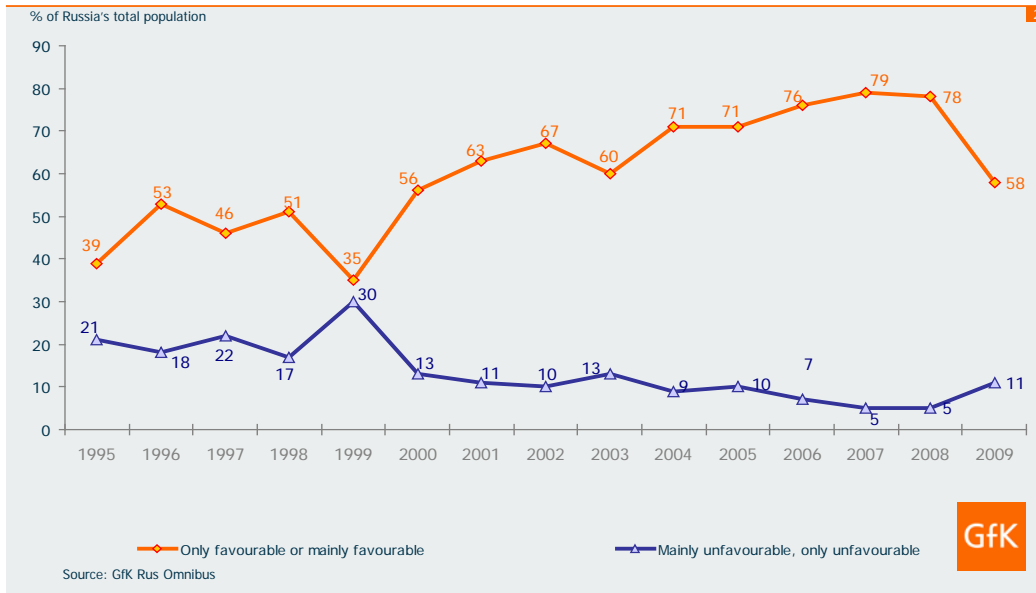
The past year for the country in general



Expectations for the next year have turned out to be even lower. 58% of Russians expect 2009 to be mainly favourable for their family and for themselves whilst 11% expect it to be mainly unfavourable. Last year the figures were 78% and 5% respectively and we have returned to 2002 levels.

Social attitudes

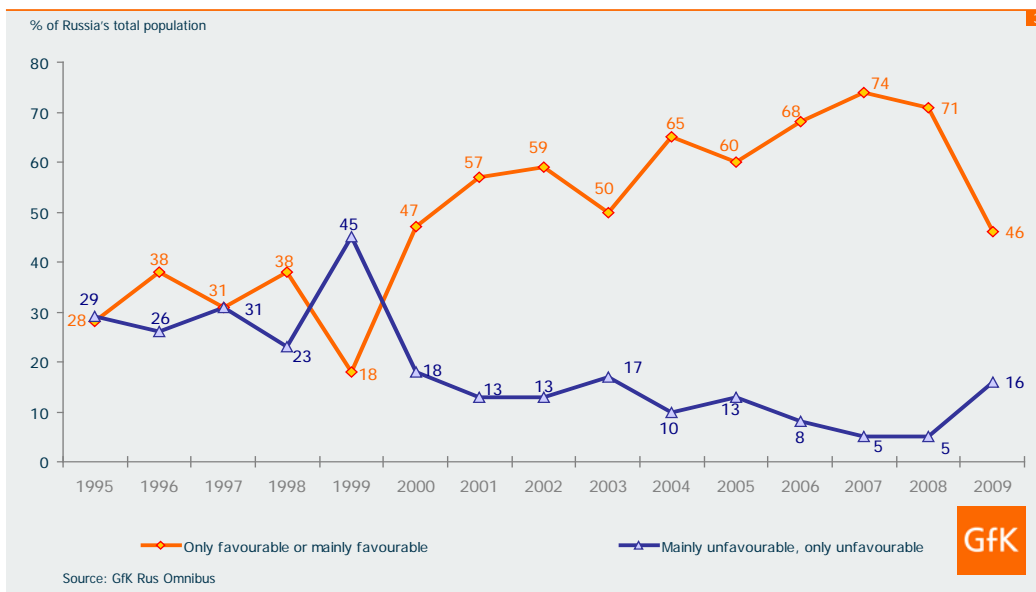
Expectations for the next year for you and your family



The survey shows that 46% of the Russians expect that, in general, 2009 will be mainly favourable for the country whilst 16% expect the situation will be mainly unfavourable. Last year these figures were 71% and 5% respectively so that this index has also returned to 2002 levels.

Social attitudes

Expectations for the next year for the country in general

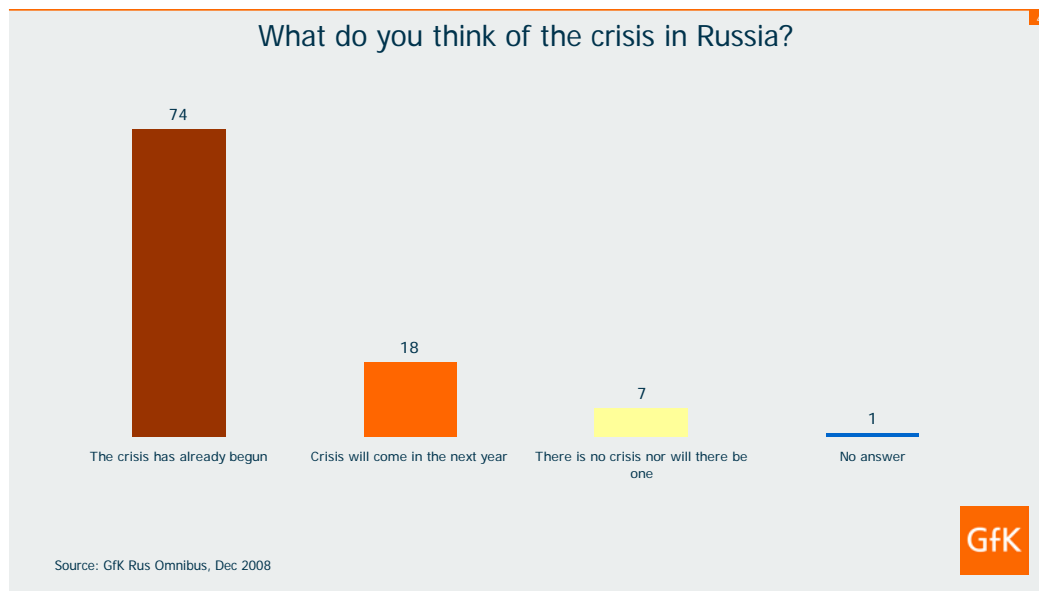


It cannot be said that the index of social attitudes has reached any critical minimum, as it was in 1998, but there is no doubt that the trend of a steady and constant improvement in social mood has been broken.

Crisis behaviour

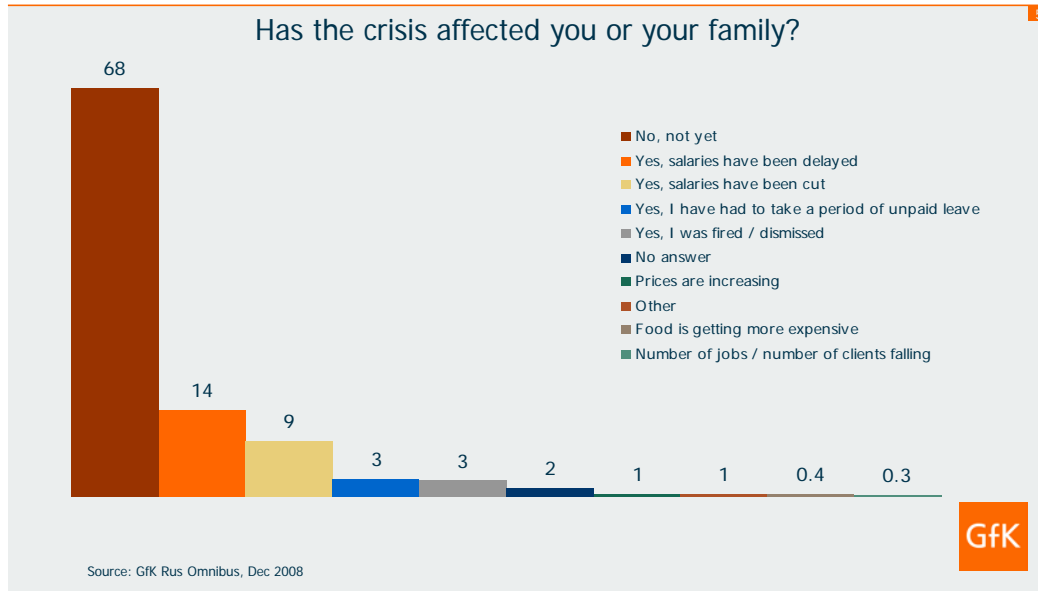
Notwithstanding the objective data for present profit levels and unemployment, three-quarters of the Russian population think the crisis has already begun to affect us. Another 18% believe the crisis will hit in 2009.

Crisis behaviour



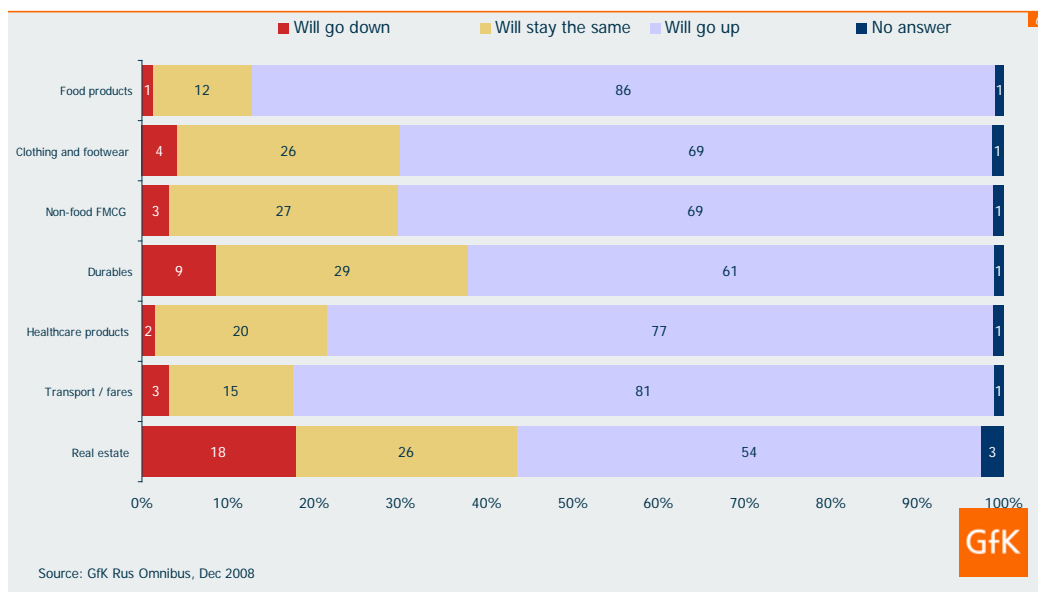
At the same time, although two-thirds of the respondents think they have not been affected by the crisis yet, the payment of salaries to 14% of Russians has been delayed, the salaries of 9% have been reduced and 3% have had to take a period of unpaid leave. The other crisis indices are of minor importance since they amount to some one tenth of a percent point.

Crisis behaviour



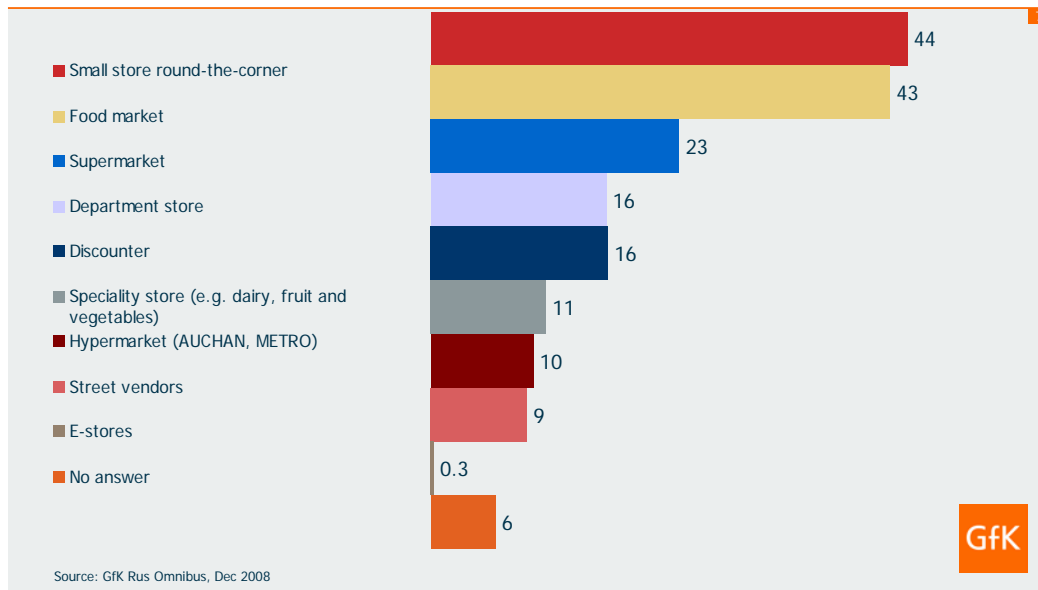
Most respondents (87%) have not been faced with a lack of any FMCG products in the shops. Just 9% pointed out that some products have disappeared from the shelves. At the same time, the great majority of the Russians (86%) think that the prices of all product categories and services and the price of food, in particular, will rise during the crisis.

What will happen to prices in the following product categories during the crisis?
Will they go down, go up or stay the same?



During the crisis period the Russians say they are going to change their consumer behaviour. In particular, the volumes of purchases in modern outlets - supermarkets, supermarkets and discounters - will fall. And this will affect supermarkets in particular: the number of purchases in traditional sales outlets - department stores and small stores round-the-corner - will rise.

From which outlets would you buy food and fast-moving consumer goods during a crisis?



When asked about their behaviour in the context of their finances during the crisis, the largest group of the respondents (26%) said they will not undertake any special measures as the crisis has not affected their financial situation. 24% of the population intends to keep their savings at home. A further 9% of the respondents are going to withdraw money from their bank account whilst 11% said they are going to deposit money or put it in a bank deposit box. A large number of Russians (19%) are planning to buy property, 9% are intending exchanging roubles into other currency whilst another 9% want to buy large home appliances and 7% are thinking about buying jewellery. 7% of Russians are planning making early repayments of a loan, 6% are going to stock up on food products before the prices go up and 4% want to buy clothes and footwear. This represents the Russians' financial strategy when faced with a crisis period.

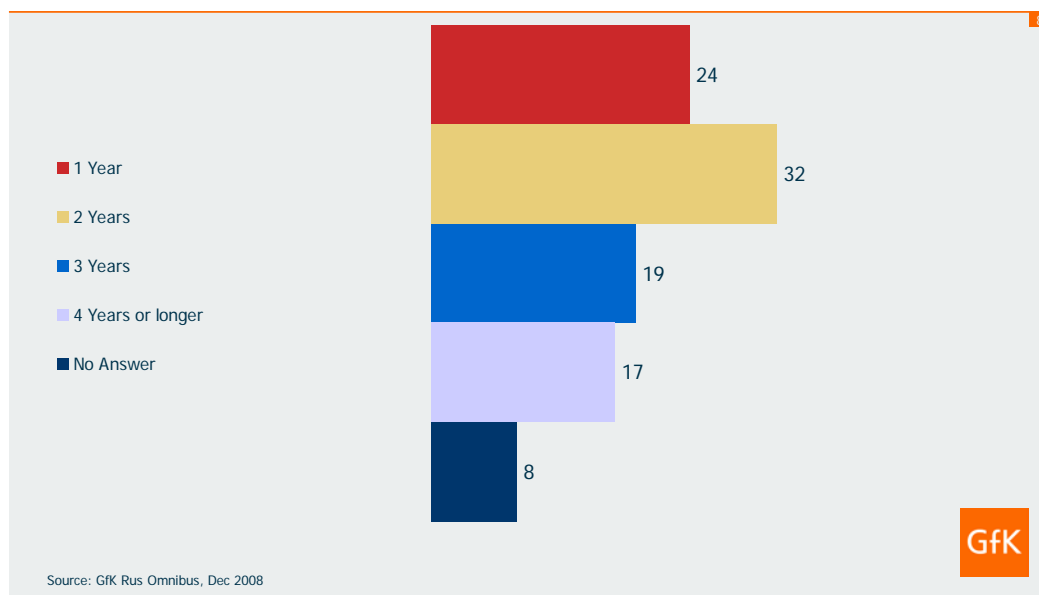
The majority of the population (61%) thinks there is no profit to be made by making purchases on credit at a time of global crisis. However, 7% of respondents said they had been going to take out a loan but have had to reject the idea due to the crisis. Nevertheless, notwithstanding the crisis, 6% are still planning to take out credit.

The expectation of a crisis has also affected the planning of large purchases, buying a car in particular. In May 2008, 16% of respondents said they intended to buy a car within the next two years but by December 2008 this figure had more than halved, falling to 7%.

Amongst the Russians who intended to buy a car, the share of those who intended to buy a Russian used car has risen whilst the share of people who intend to buy a new Russian or foreign car has fallen.

According to the survey, 56% of respondents expect the crisis will last for 1-2 years and 36% think it will extend over 3-4 years indicating that the great majority of Russians consider the crisis will be long-lasting.

How long do you think the aftereffects of the crisis will last in this country?

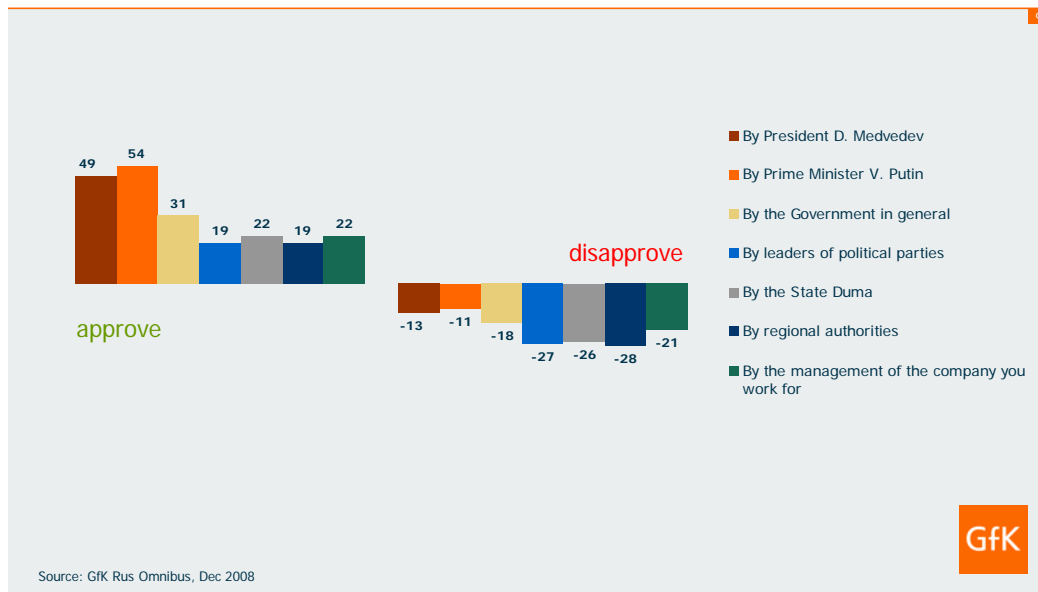


Questioned on their assessment of the measures taken by the authorities and their policies to deal with the crisis, the greatest approval on the part of the Russians is for Prime Minister Vladimir Putin (54%) followed by President Dmitry Medvedev (49%) and the Government of Russia (31%). However, these indices are slightly lower than the indices of confidence for Vladimir Putin and Dmitry Medvedev in general.

Furthermore, the Russians are rather disapproving of the anti-crisis actions taken by leaders of the political parties, by the State Duma and by regional authorities.

A slightly positive balance can be seen regarding the management of the companies where the respondents work. Here 22% of respondents approve and 21% disapprove their company's anti-crisis policy.

How much do you approve or disapprove of the current measures aimed at overcoming the crisis in Russia?



The survey

The survey was conducted in the form of face-to-face interviews. The study aimed to define the attitude of the Russians towards the crisis, to track changes in the finance and economic spheres together with changes in consumer habits in the crisis. During the interviews, respondents were asked if they considered the crisis had begun to affect Russia; if it had affected their family; if they had been faced with a lack of general food/goods; if the prices on products/goods would rise or come down; where they usually buy food/FMCG products/clothes/footwear and where they would buy these goods during the crisis; what were the most effective ways of keeping their savings; their attitude towards purchase on credit and plans for the purchase of food/services on credit within the next 12 months; plans to buy a car within the next 2 years (intend/ not intend, if intend - which car model they are planning to buy); how long the consequences of the crisis in the country would last; whether they approved or disapproved of the anti-crisis policy in Russia (assessment of the actions of leaders of the political parties/authorities), etc. The study involved 2204 respondents aged 16+ throughout Russia.

Contact:

Olga Sigunova

GfK Russia

Ryazanskiy prospect 8A

10942 Moscow

Russia

Tel. +7 495 937-7222

Fax +7 495 937-7233

Olga.Sigunova@gfk.com

www.gfk.ru