



SURVEY OF PROSPEROUS CONSUMERS'
TRUST: AZERBAIJAN

PR  NobletMedia CIS
&Communications Guide

2010

Table of contents

1. Survey objectives and methodology
2. Main findings and recommendations
3. Public institutions' credibility
4. Perception of companies' image and impact of trust on consumer behavior
5. Trust in communication channels and forms
6. Social and demographic characteristics of prosperous Azerbaijanians

Why investigate trust?

- All over the world, successful business is based on trust. According to the data provided by Edelman Trust Barometer, higher trust in business is typical for countries with the most thriving economy (India, Brazil, China).
- In Azerbaijan, economic development is based on trust in the government, and not in business. In 2009, Azerbaijanis virtually did not feel the economic crisis, which once again strengthened trust in their government. However, the increase of food prices in 2010 in the absence of significant growth of income has shaken the fertile ground trust in Azerbaijan. This survey shows that Azerbaijanian consumers are becoming more and more careful and distrustful, this is why it is becoming more and more difficult to persuade them to purchase some or other product/service. The key role is this persuasion belongs to trust – in business in general, to some or other company, brand or person.

Why investigate prosperous consumers?

Prosperous consumers:

- Make crucial decisions on major purchases/investments
- Are, as a rule, well educated and informed, occupy managerial positions at companies/organizations
- Represent a reference group and are opinion leaders for the rest of the population as the most active, informed, and honored element

THAT IS, GIVE THE ECONOMIC TONE TO THE ECONOMIC LIFE OF THE COUNTRY

Defining prosperous consumers

During interviews, respondents are inclined to understate and disguise their actual income, this is why we use the scale of subjective evaluation of prosperity to define the living standards:



Survey methodology

The idea of the survey was prompted by Edelman Trust Barometer

Method:	Computer-aided telephone interviews (CATI)
Selection:	100 interviews with prosperous consumers aged 24 to 55, who are major earners in the family. Maximum possible error for the criteria share of 50% is 9.8%
Geography:	Baku, Gyandzha, Sumgayit
Time of interview:	September 04 – 09, 2009 August 21 – September 12, 2010
Project manager:	Inna Volosevich, Senior Analyst of the Services Market Research Phone: (044) 230 02 60 E-mail: Inna.Volosevych@gfk.com

Table of contents

1. Survey objectives and methodology
- 2. Main findings and recommendations**
3. Public institutions' credibility
4. Perception of companies' image and impact of trust on consumer behavior
5. Trust in communication channels and forms
6. Social and demographic characteristics of prosperous Azerbaijanians

Main findings (1)

- Prosperous Azerbaijanians are characterized by a very high level of trust to the government (59%), while they rather do not trust business and public organizations. Consequently, 67% are for strict control over businesses on the part of the government. The majority of the respondents believe that the government is creating favorable conditions for big business, 50% also believe that it is creating them for the small and medium.
- Less trust in business and more trust to business is typical of more prosperous consumers.
- Among different industries, the highest trust was expressed in companies operating in the field of power energy (73%), the lowest trust – in insurance companies (16%). In 2010, trust to FMCG (probably due to prices increase), pharmaceutical and insurance companies has reduced.
- Despite low trust in the public sector in general, which may be explained by its low development in Azerbaijan, the majority of respondents trust international organizations. The most trusted are World Bank, IMF, EU and EBRD, the least trusted are UNO and CIS. Among religious organizations and leaders, the most trusted is the Caucasian Governance for Muslims. The majority also trust the Russian Orthodox Church and Patriarch Cyril, and do not trust the Pope and Patriarch Bartholomew.

Main findings (2)

- The majority of prosperous consumers are inclined to overpay for the products/services of companies they trust; and not to buy products/services of companies they do not trust, even if they are cheaper, than their analogues.
- Creation of jobs, law abidance, attitude to own employees, environmental care, charity and socially significant projects are the most important factors of the company's image. The higher the income of the consumer, the more attention he pays to social responsibility of companies.
- In 2010, TV is remaining the most popular source of business information for prosperous consumers, the second best is the Internet, which is now used more and more often (especially by the youth; also, the higher the education and income, the more intensive the use). The majority also regularly read business press. TV and designated magazines are trusted more than the Internet. Besides, it is typical of prosperous Azerbaijanians to highly trust corporate communications, on the Internet in particular.
- Scientists, friends, and professional society are the most reliable, while "celebrities" and officials are the least trusted sources of information.
- In 2010, prosperous consumers are becoming more distrustful: to believe the information, the relative majority needs to see/hear it 2 to 3 times even from reliable sources.

Recommended strategies of communication with prosperous consumers: what to say?

More effective messages:

- Employee care; job creation;
- High quality of products and services;
- Environmental care;
- Law abidance, fair market play;
- Successful social/charity projects.

Less effective messages:

- Azerbaijani company;
- International company, foreign management;
- Innovative company;
- Industry leader;
- Socially responsible company.

It should be considered that:

- in case of governmental intrusion in business operation, the population will most likely be with the government;
- the higher the income of consumers, the more importance they attach to social responsibility of companies.

Recommended strategies of communication with prosperous Azerbaijanians: whose authority to be supported by?

Positive balance/high credibility:	Negative balance/low credibility:
<i>International organizations:</i>	
World Bank, IMF, EU, EBRD	CIS, UNO
<i>Religious organizations:</i>	
Caucasian Governance for Muslims, Bakinsko-Prikaspiyskaya Diocese of ROC, Patriarch Cyril	Patriarch of Constantinople Bartholomew, Pope Benedict XVI
<i>Business, area of operation:</i>	
Power economy, oil and gas, communications, machinery and technologies	Insurance, pharmaceuticals, entertainment and show business
<i>Personalities:</i>	
Scientists, professional society, doctors, representatives of honored public organizations	Celebrities (show business and sports stars), officials

Recommended strategies of communication with prosperous consumers: how to speak?

- It is recommended to use television and Internet (the latter is optimal for youth and prosperous consumers) for dissemination of information. It is recommended to pay special attention to publications in designated editions and corporate communications (web-site, speeches of executives, reports, press releases etc).
- Prosperous Azerbaijanians acquire information best in an analytical-publicistic format involving scientists and experts

Table of contents

1. Survey objectives and methodology
2. Main findings and recommendations
- 3. Public institutions' credibility**
4. Perception of companies' image and impact of trust on consumer behavior
5. Trust in communication channels and forms
6. Social and demographic characteristics of prosperous Azerbaijanians

Main findings (1)

- In 2010, the level of trust in the government in Azerbaijan remains as high as in 2009: 59% trust and 27% do not trust it. With regard to business and public organizations, the balance of trust is negative: 33% trust business and 42% do not trust business; 31% trust public organizations and 52% do not trust). It is natural, that it is mostly needy people that rely on the government, more prosperous people are inclined to trust business. Also, the government is more trusted by women and aged people.
- Like in 2009, 67% of the respondents believe that the government should exercise a stricter control over business and only 15% do not agree with this. It is likely, that business is taken as some power able to act only in own favor against the public (including, by increasing prices, reduction of working places etc.), and only the government is able to protect the workers. Probably, it is because of the popularity of such perception, Azerbaijanians, as we will see later, pay less attention to different aspects of corporate social responsibility, than Ukrainians or Kazakhs. They are more inclined to use products/services of those companies, which meet their social expectations.
- Most respondents admit that the government is creating favorable conditions for big business, half of respondents admit that it is also creating them for the small and medium.

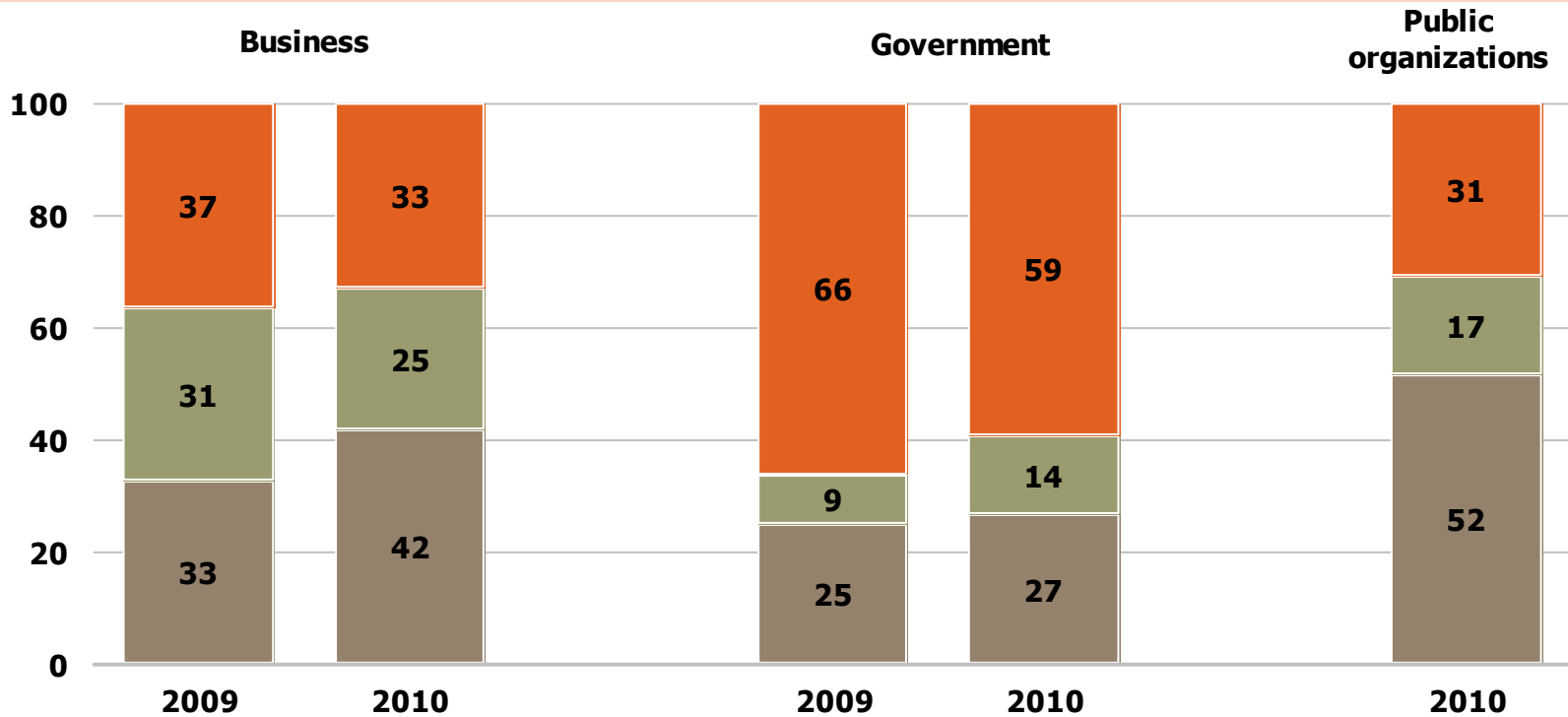
Main findings (2)

15

- Among various business areas, the majority of respondents still trust companies operating in the field of power energy, communications, machinery and agriculture, and less than one third of the respondents trust pharmaceutical, insurance and show business companies. In 2010, trust in FMCG (probably due to the increase of bulk products prices), pharmaceutical and insurance companies has lowered.
- Low level of trust in public organizations is most probably explained by their slight effect – the civilian sector function is fully in the hands of the government. At the same time, most international organizations have a positive image in the eyes of prosperous Azerbaijanians: most of all they trust World Bank, the majority trust IMF, EU and EBRD, the least trusted are UNO and CIS.
- Among religious organizations, the most trusted is the Caucasian Governance for Muslims, positive balance was demonstrated to ROC and Patriarch Cyril, while the Pope and Patriarch Bartholomew is rather distrusted.

Prosperous Azerbaijanians most of all trust the government, and least of all they trust public organizations

Q1, 2, 6. How much trust do you have in the governmental authorities/How much trust do you have in business/ How much do you trust public organizations in doing as they consider it right? [9-point scale, whereas 1 stands for “no trust at all”, and 9 – “absolutely trust”]



■ Distrust (1-4)

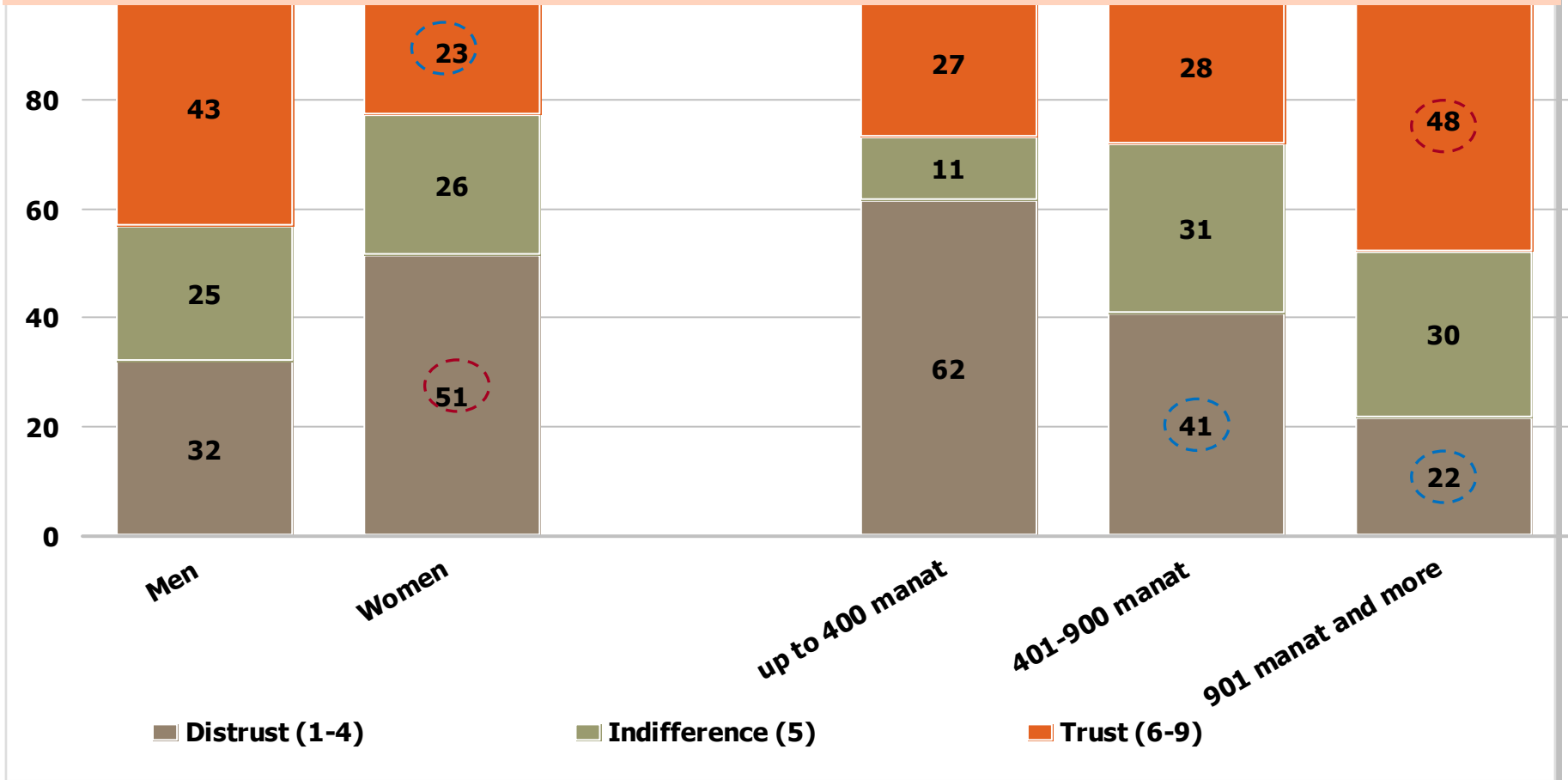
■ Indifference (5)

■ Trust (6-9)

○ Hereinafter, circles stand for statistically significant differences at the probability level of 90%: blue – reduction, red – increase of the indicator compared to the previous year. Respondent subgroups are compared to the general selection

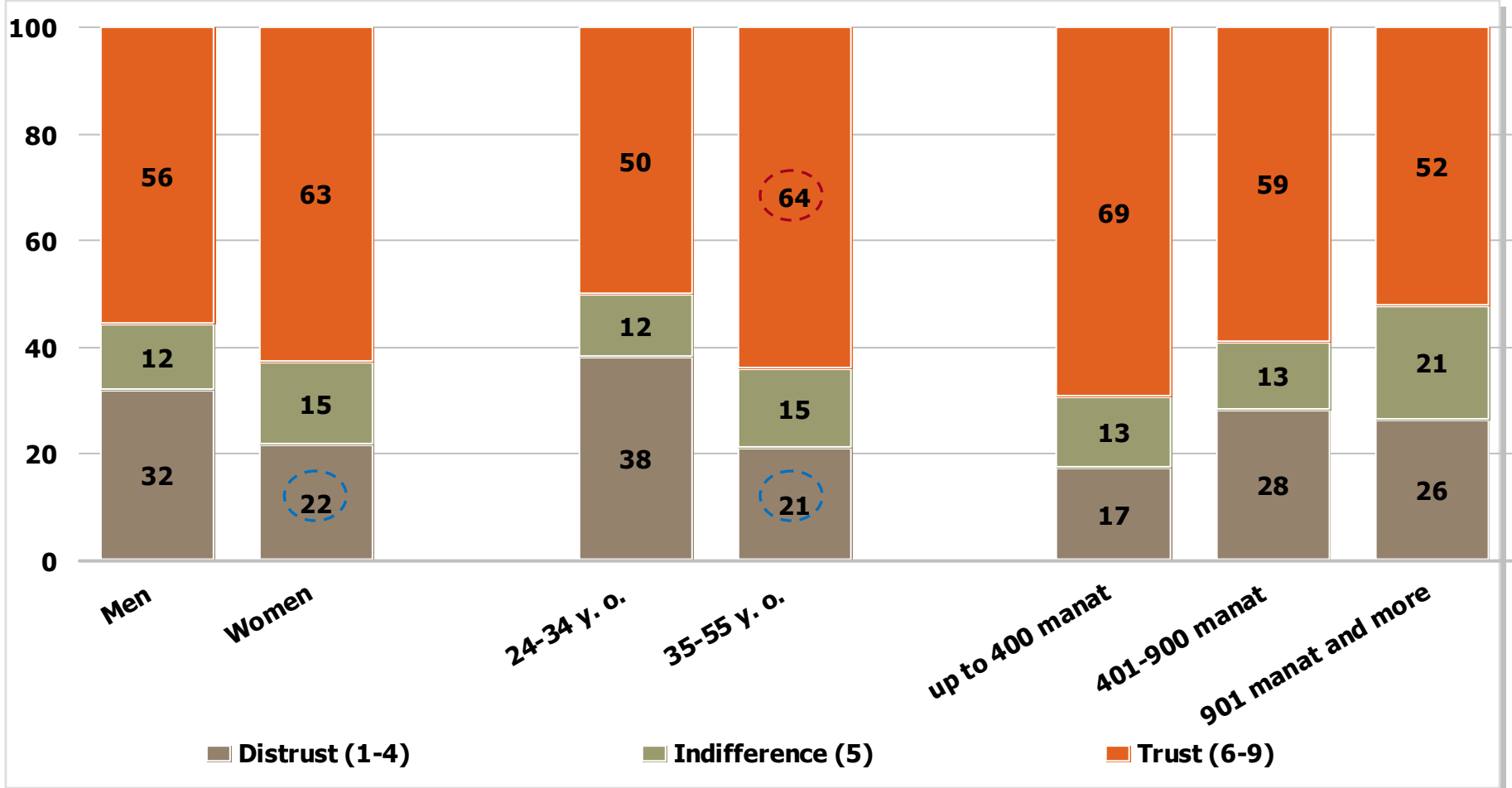
Men and respondents with higher income trust business most of all

Q2. How much do you trust businesses in doing as they consider it right? [9-point scale, whereas 1 stands for “no trust at all”, and 9 – “absolutely trust”]



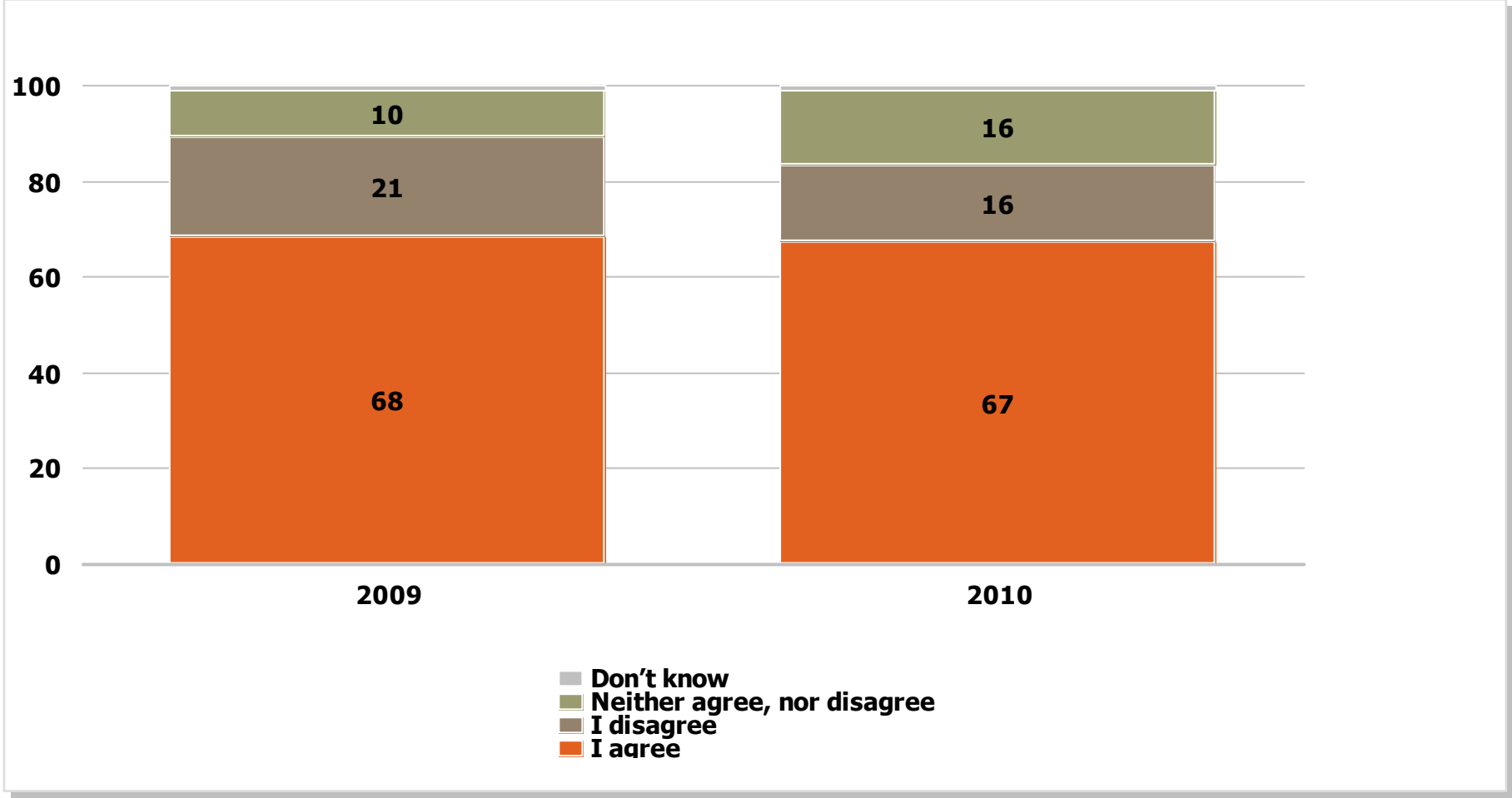
...While women, respondents with lower income and aged people trust the government most of all

Q1, 2,6. How much do you trust the governmental authorities in doing as the consider it right? [9-point scale, whereas 1 stands for “no trust at all”, and 9 – “absolutely trust”]



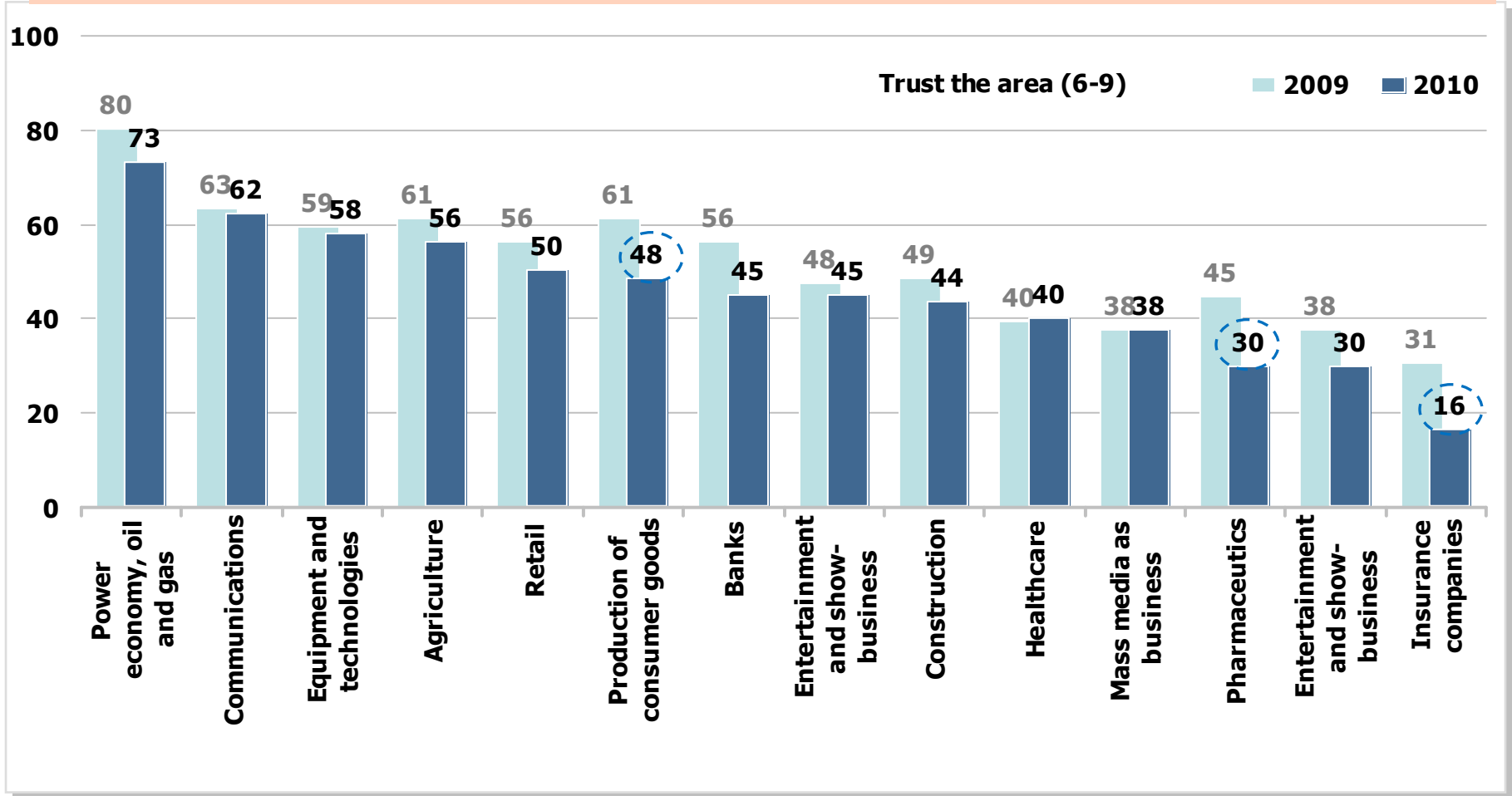
The majority of prosperous Azerbaijanians believe that the government should exercise a stricter control over business

Q4. Do you agree or disagree with the statement: the government should have stricter control over business in all its areas?



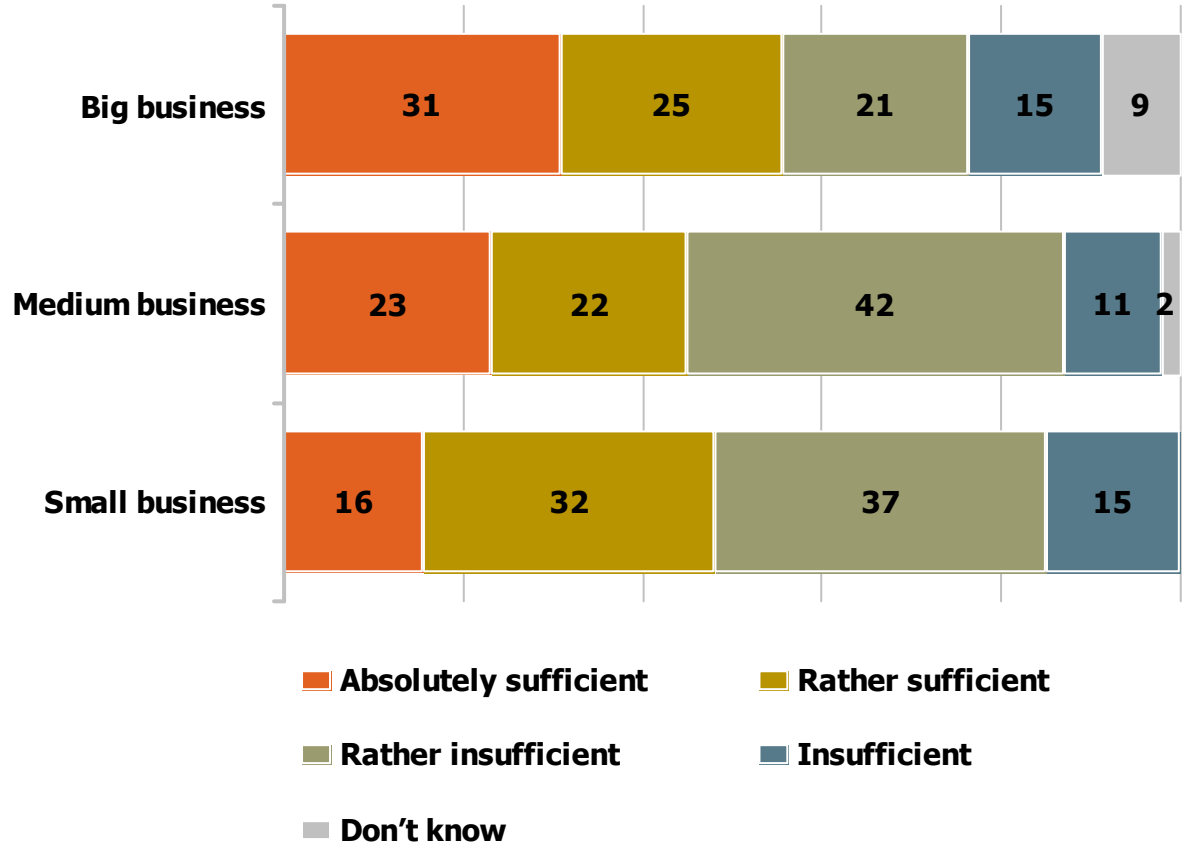
In 2010, trust has reduced in FMCG, pharmaceutical and insurance companies

Q3. How much do you trust businesses in each of the listed areas in doing as they consider it right? [9-point scale, whereas 1 stands for “no trust at all”, and 9 stands for “absolutely trust”]



The majority believes that the government is creating favorable conditions for the big business, speaking about the medium and small business – opinions divided

Q5. Do you regard the efforts of the government in creating favorable conditions for the small business as sufficient? What about the medium business? And for the big business?

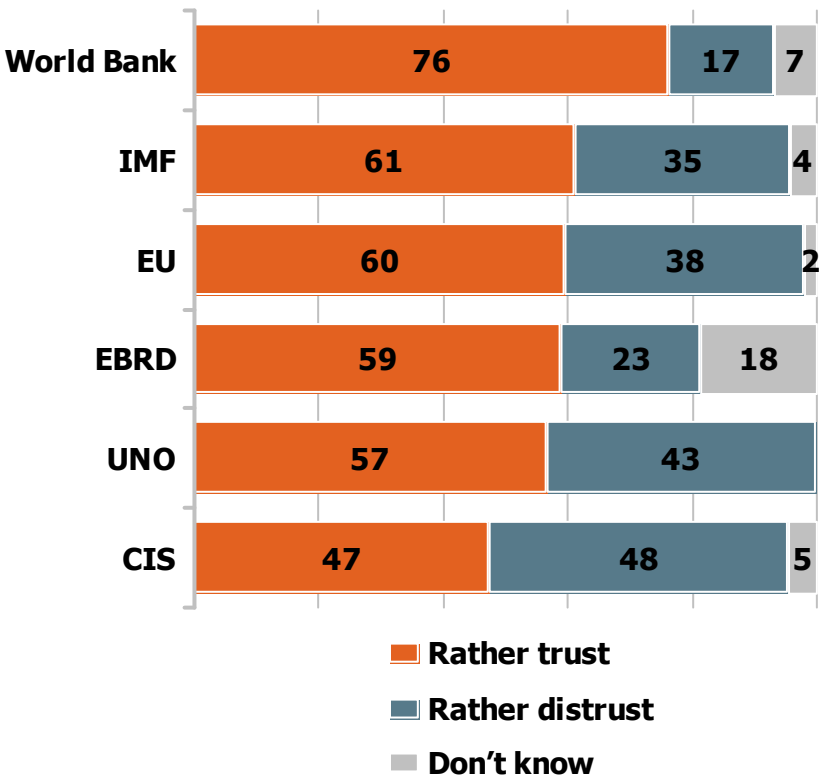


Among international organizations, the most trusted is World Bank, among religious ones – Caucasian Governance for Muslims

Q7. I am going to read the list of international organizations, and you tell me if you rather trust or distrust their opinion

Q8. I am going to read the list of religious organizations and personalities, and you tell me if you rather trust or distrust their opinion

International organizations



Religious organizations

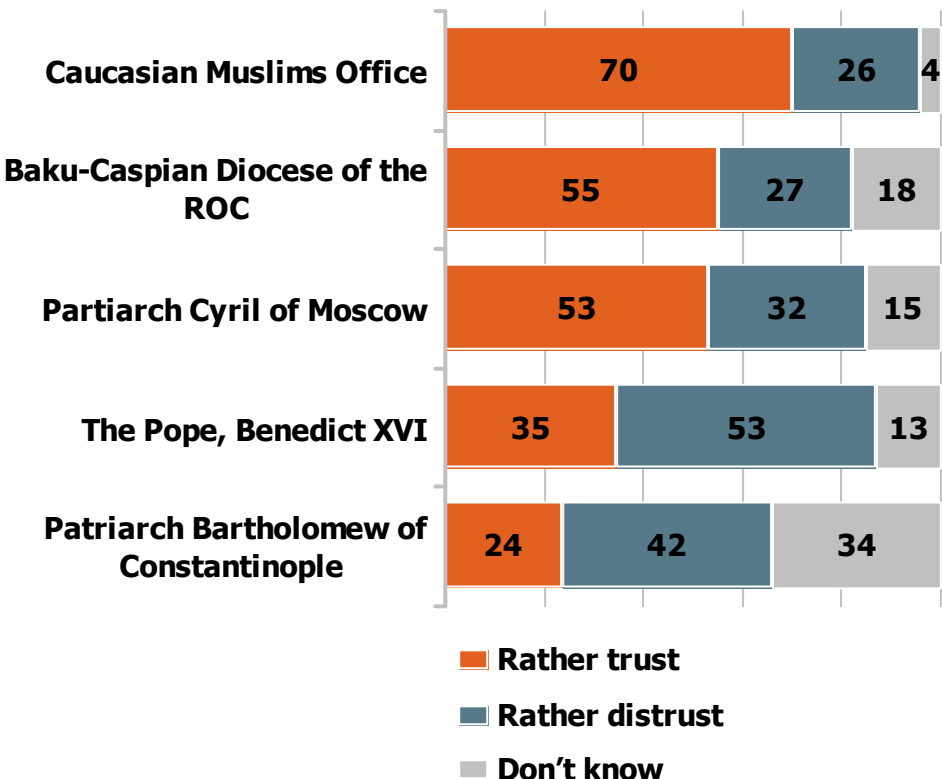


Table of contents

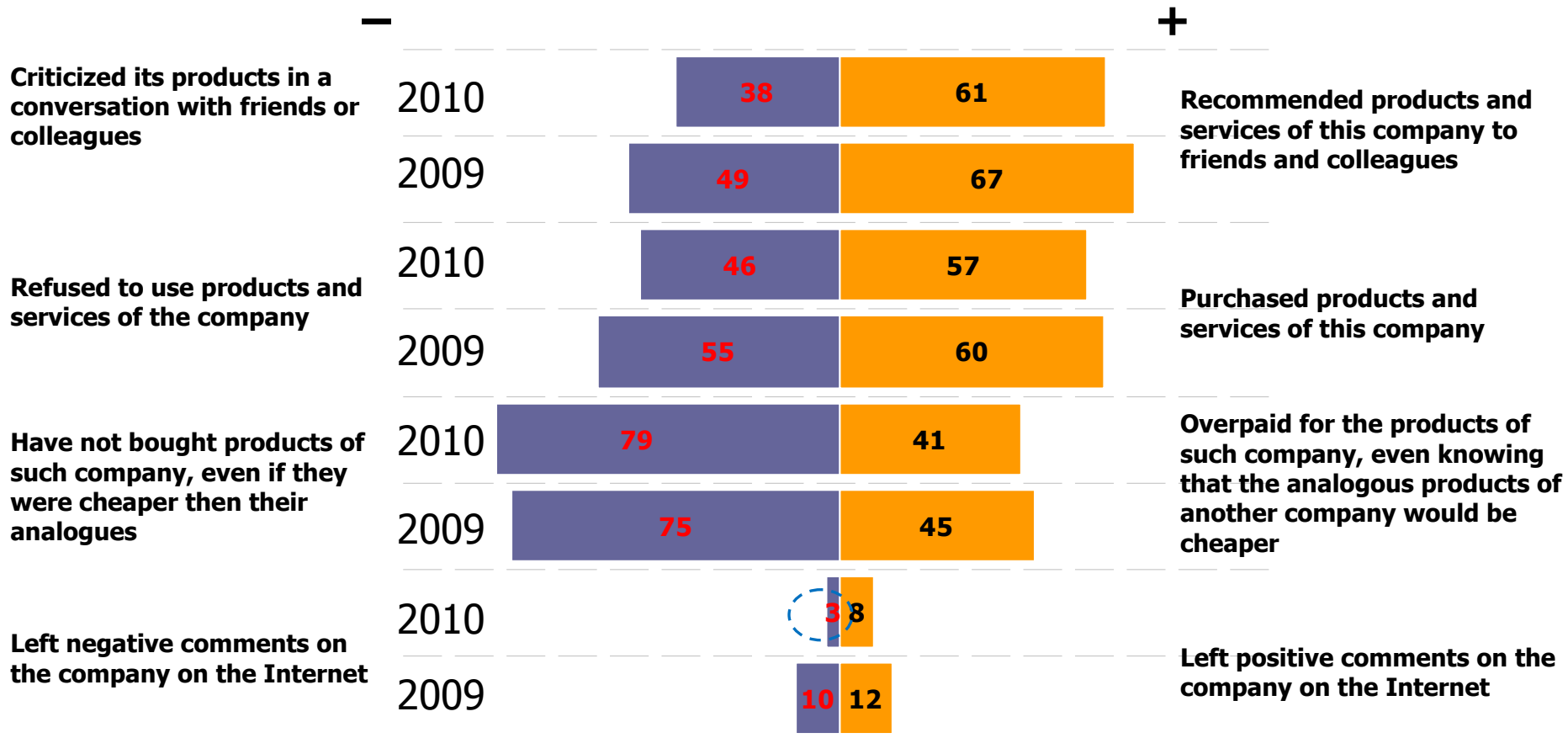
1. Survey objectives and methodology
2. Main findings and recommendations
3. Public institutions' credibility
- 4. Perception of companies' image and impact of trust on consumer behavior**
5. Trust in communication channels and forms
6. Social and demographic characteristics of prosperous Azerbaijanians

Main findings

- Most of prosperous Azerbaijanians opt for and recommend others the companies they trust, and do not use products/services of the companies they do not trust, even if they are cheaper than their analogues. Trust determines Azerbaijanians' behavior to a greater degree, than that of Ukrainians or Kazakhs.
- The quality of products/services, creation of jobs, and employee care, law abidance and environmental care are the most important factors of the company's image, while the adjectives "Azerbaijanian", "foreign", "international", "innovative" or "industry leader" are less important. The notion of the company's "social responsibility" is not very familiar and does not have credibility with the majority of respondents: only 40% of prosperous consumers have more trust in socially responsible companies and tend to buy their products/services; another 43% do not care whether a company is socially responsible or not; 17% do not trust in social responsibility of the national companies. However, among the most prosperous respondents, 65% tend to use products/ services of socially responsible companies (compared to 31% of the least prosperous respondents).

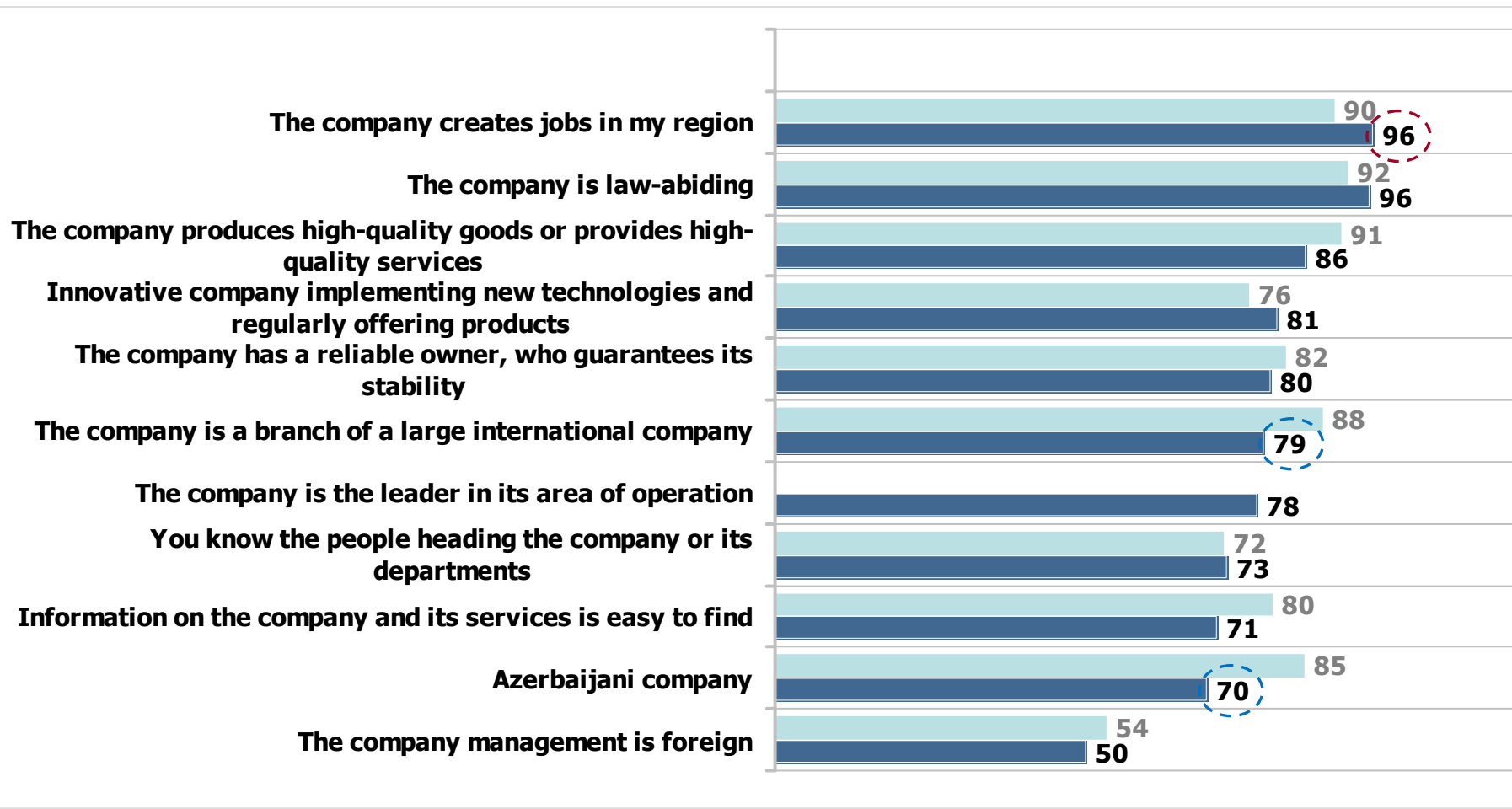
Trust still determines consumer behavior in 2010

Q20. Have you made any of the actions listed below towards the company you trust over the last 12 months?
Q21. Have you made any of the actions listed below towards the company you do not trust over the last 12 months?



Creation of jobs and law abidance are the most important factors of the company's image

Q18. How important to you is each of the factors of the company's image listed below? 9-point scale, whereas «1» stands for "absolutely unimportant", and «9» stands for "very important" [Alternatives 6 to 9 were considered as «Important»]



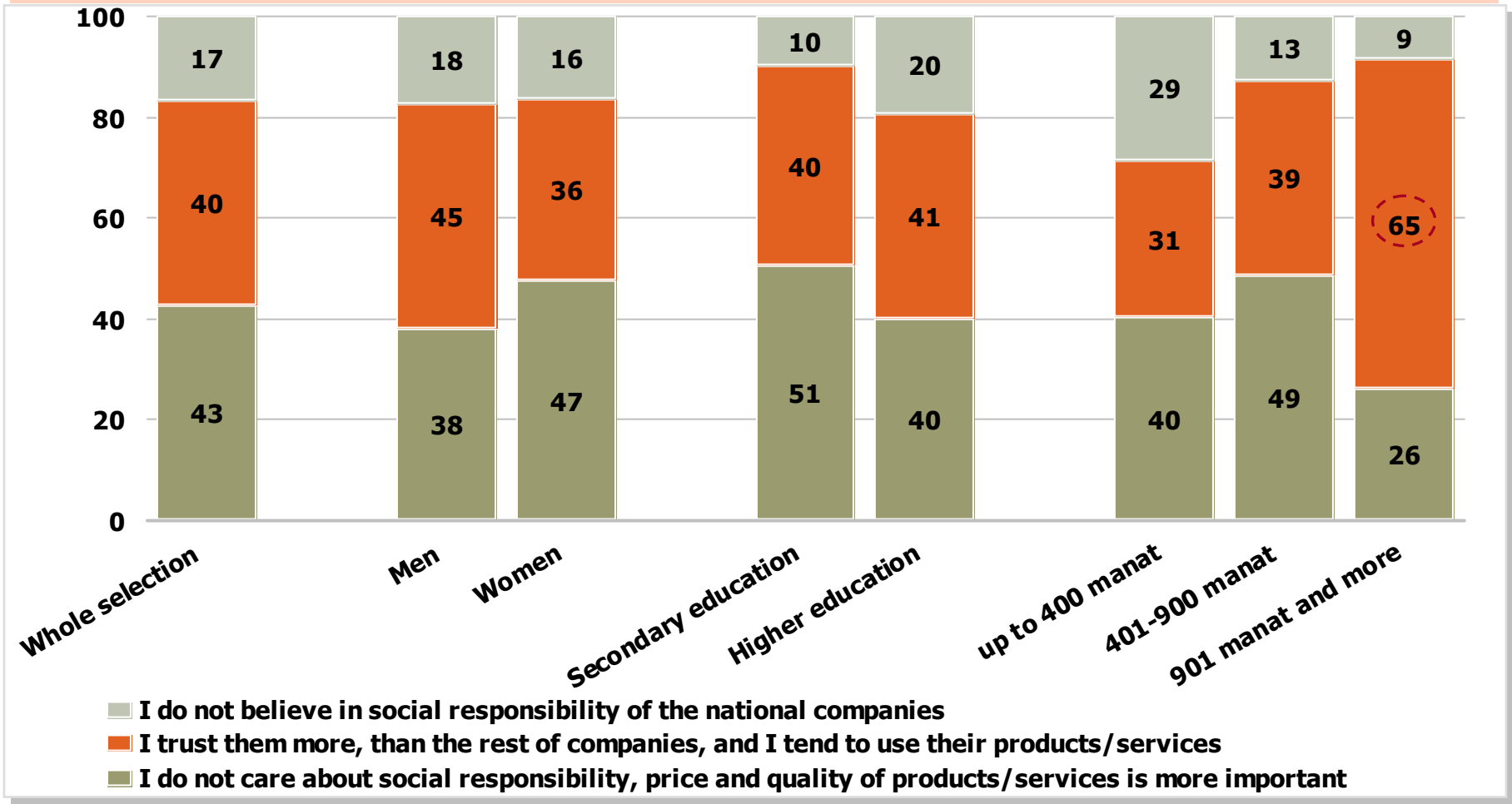
Prosperous Azerbaijanians give much importance to all factors of corporate social responsibility

Q19. And not please evaluate the importance of different factors of social responsibility of a company
 [Alternatives 6 to 9 were considered as «Important»]



Consumers with the highest income value social responsibility much more than others

Q20. What is your general attitude to socially responsible companies?



- I do not believe in social responsibility of the national companies
- I trust them more, than the rest of companies, and I tend to use their products/services
- I do not care about social responsibility, price and quality of products/services is more important

Table of contents

1. Survey objectives and methodology
2. Main findings and recommendations
3. Public institutions' credibility
4. Perception of companies' image and impact of trust on consumer behavior
- 5. Trust in communication channels and forms**
6. Social and demographic characteristics of prosperous Azerbaijanians

Main findings (1)

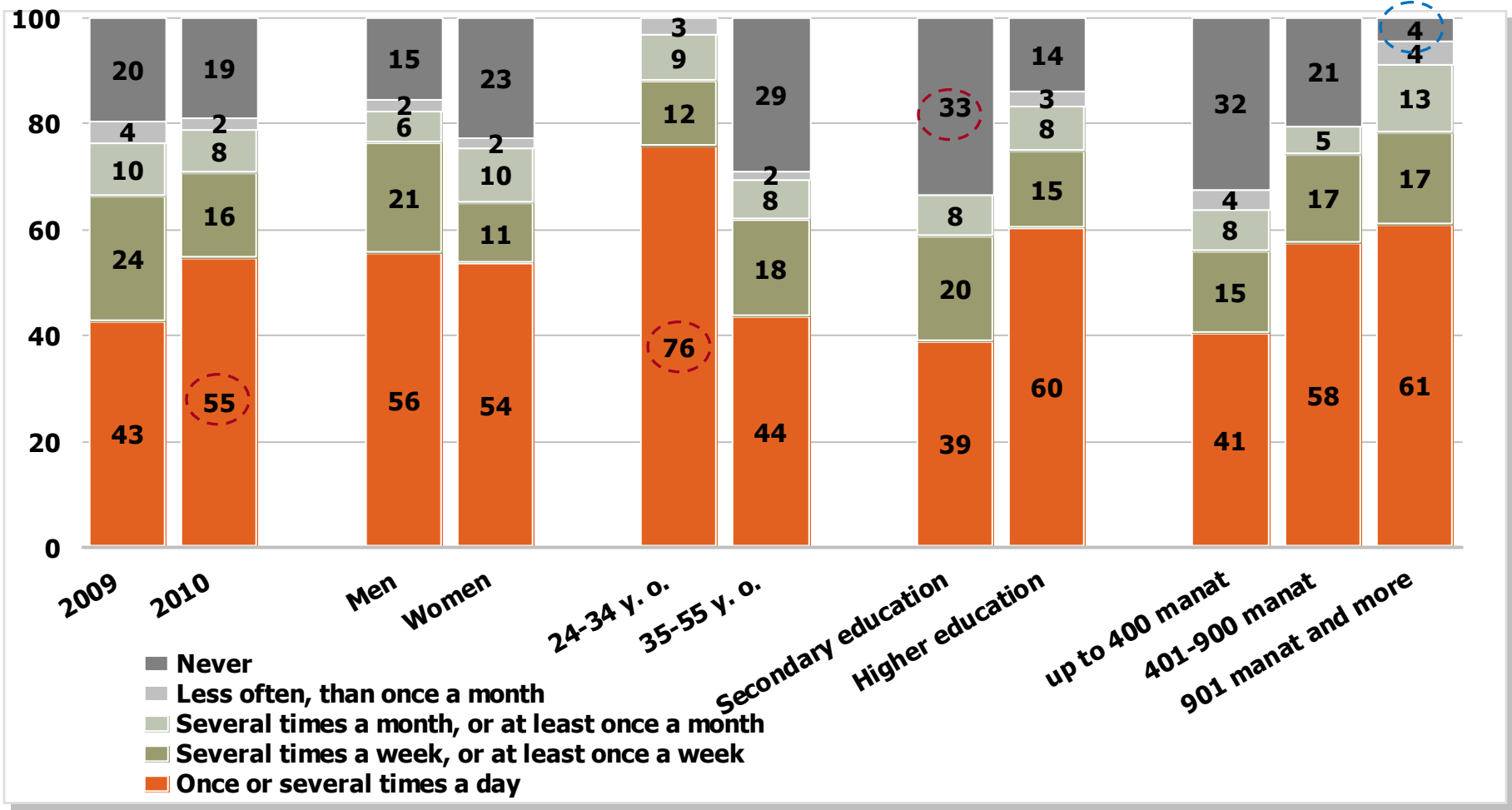
- In 2010, the Internet is catching up with the television by frequency of use: the share of prosperous consumers, who daily watch business news on the Internet, has increased from 24% to 40%, while the share of daily TV news watchers is still 67% of respondents. There is a significant intergenerational gap between Internet users: the Internet is annually used by 76% of respondents aged 24 to 34 compared to 44% of respondents aged 35 to 55. The Internet is more often used by consumers with higher education and higher income.
- TV is still remaining the most popular source of information for the majority of prosperous consumers, TV news are also more trusted than other sources (45% compared to 38% of those, who trust Internet news).
- 60% weekly read business press, 47% listen to business news on the radio. 42% trust information in business magazines, 38% trust radio news, 27% trust articles in the national press, 23% trust articles in business magazines, 22% trust articles in local newspapers.
- About 40% of consumers regard as reliable information coming directly from the companies through press releases, web-site, speeches of top executives. 33% of respondents regard as very reliable information received from company employees (compared to 46% in 2009).

Main findings (2)

- Scientists, friends, doctors, and the professional society are the most reliable, while “celebrities”, public people and representatives of public organizations are the least reliable sources of information.
- In general, in 2010, prosperous consumers have become more distrustful: trust in direct communications, social networks on the Internet, articles in business magazines and analyst reports has lowered.
- 38% discuss the learnt news at home and 38% - at work. Respondents with higher education and higher income more often communicate beyond their home. One third of the respondents discuss the news with 1 to 2 people, 42% - with 3 to 5 people, and 21% - with more than 5 people. The last category should be paid special attention while planning communication campaign, as they are a powerful source of information dissemination. According to the theory of “two-echelon model of communication”, at the first stage media messages are processed by opinion leaders, at the second they are communicated by opinion leaders to wider population. Consequently, these people are characterized by the most intensive use of the Internet, which strengthens the effectiveness of this channel of communication.

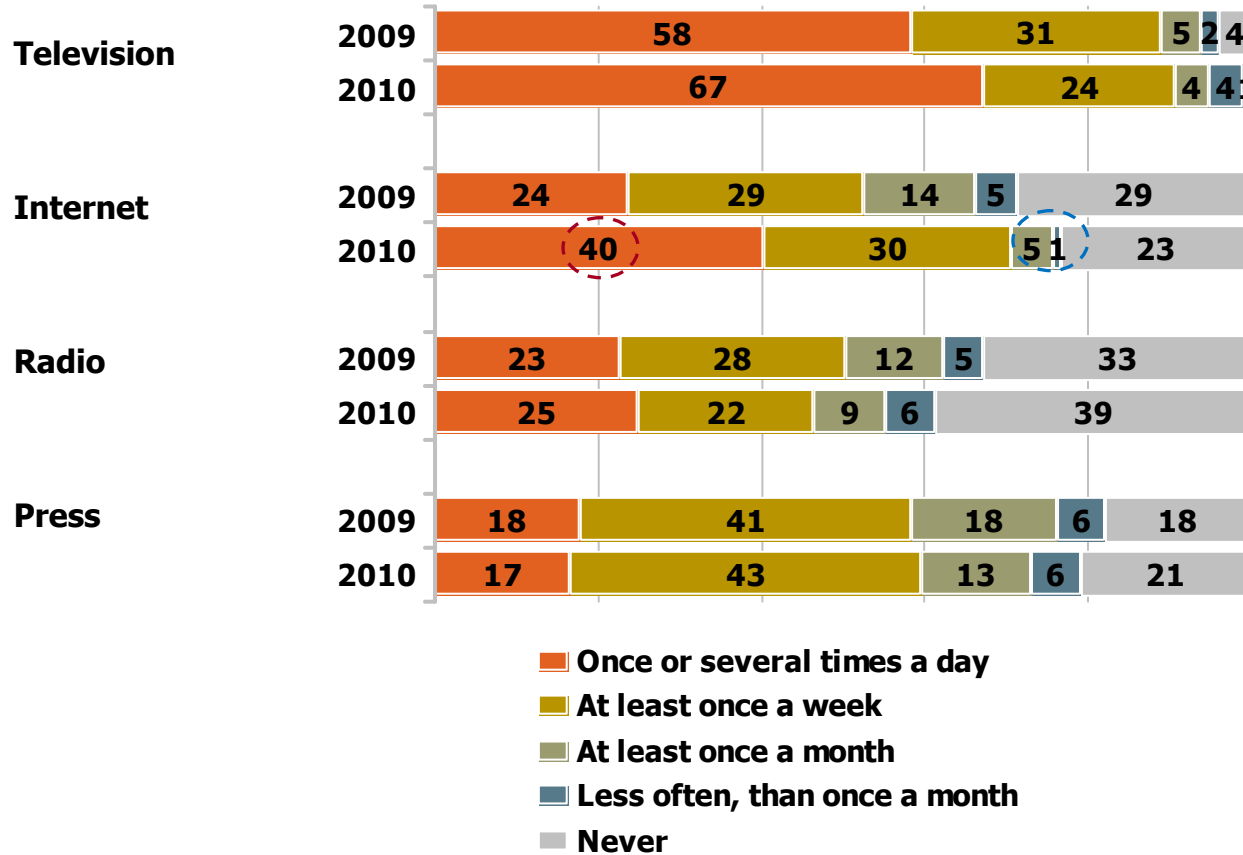
The frequency of using the Internet is growing. Youth, well-educated and rich people use the Internet more often than others

Q13. How often do you use the Internet (whether at home or somewhere else)?



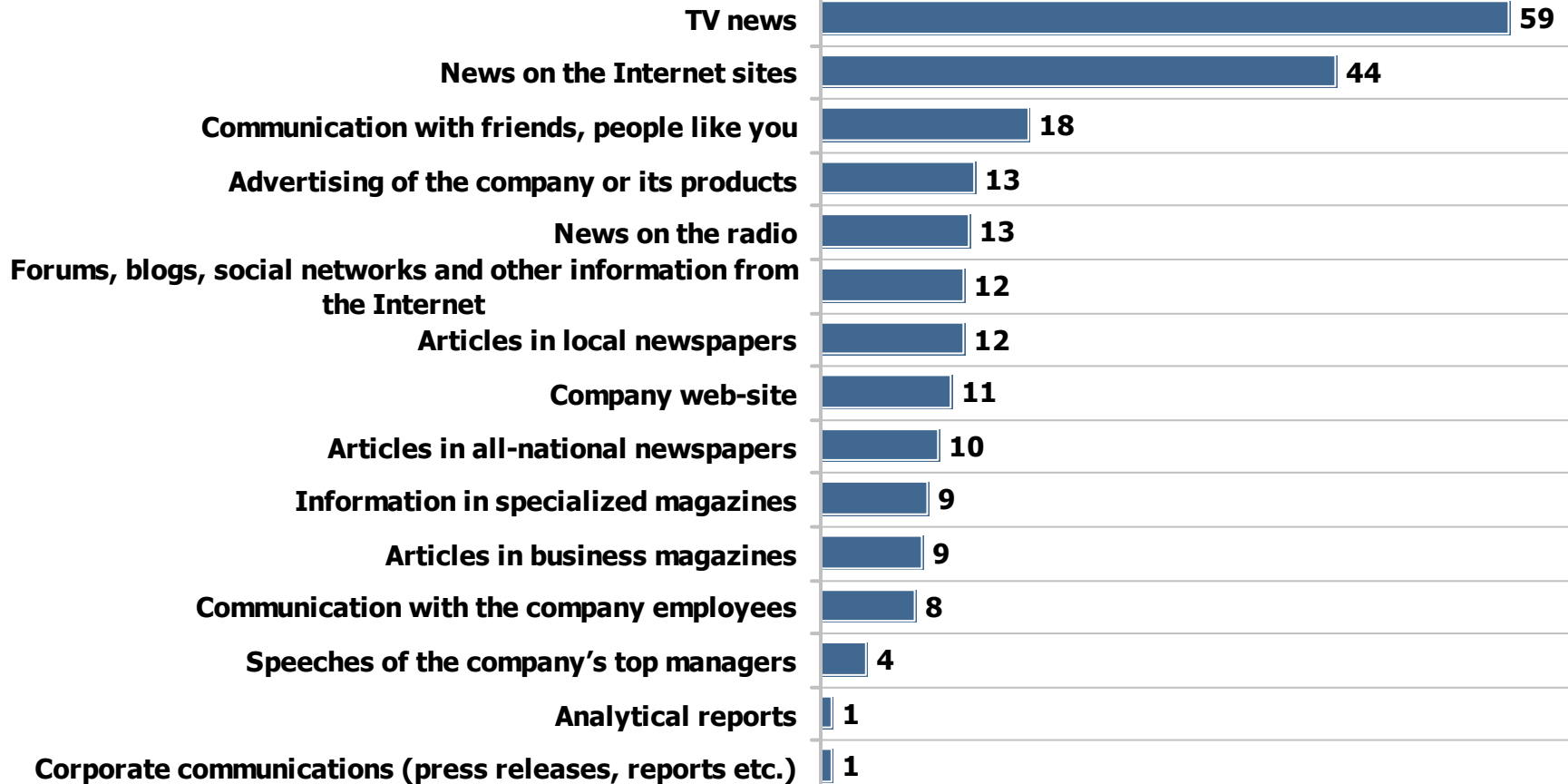
TV-news are becoming the most popular source of news, the Internet takes the second place

Q12. How often do you watch, read or listen to business news on...?



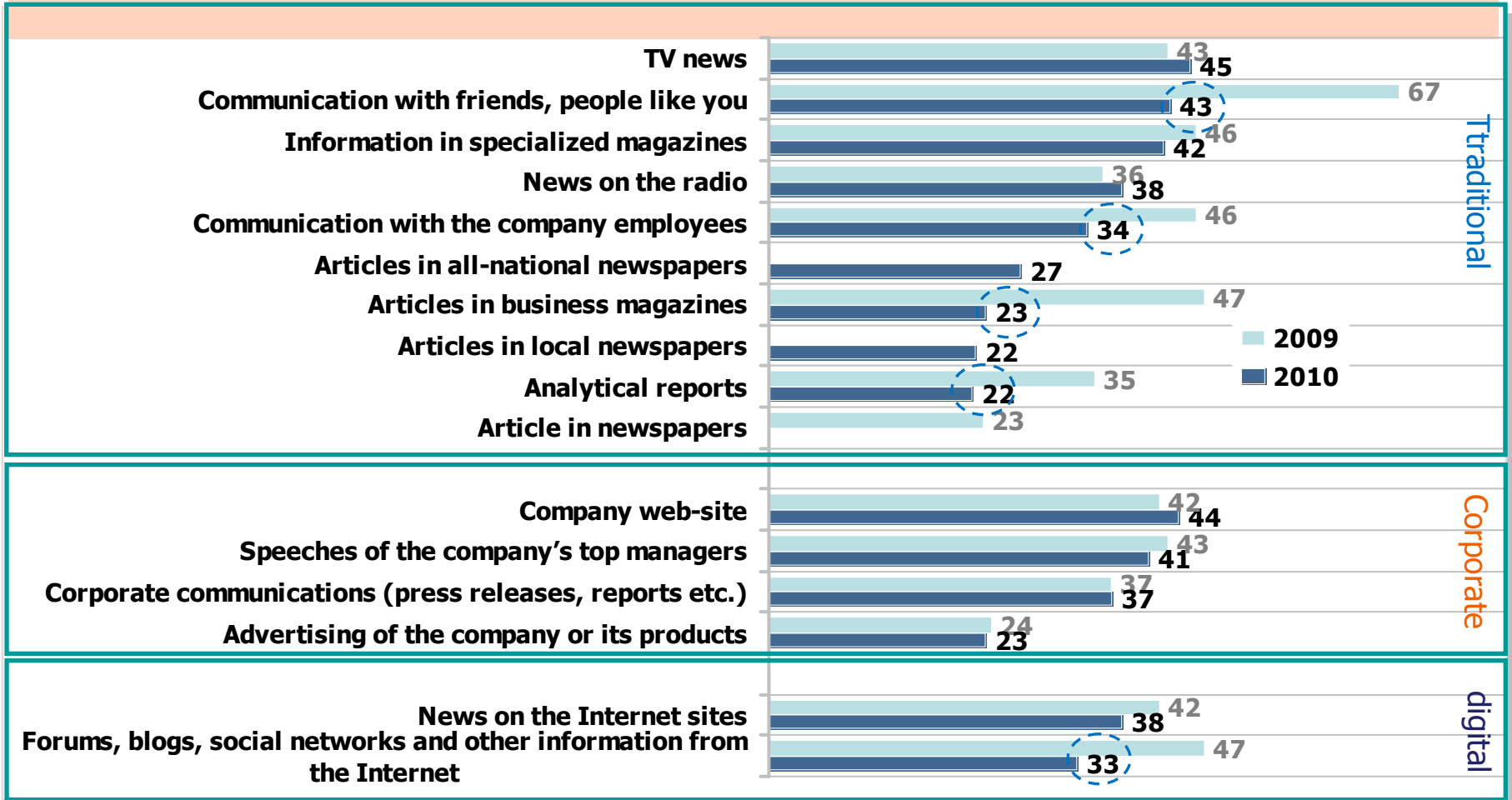
59% watch TV and 44% use the Internet more often than other sources

Q11. Which sources of information, news about companies and their products do you use most often?



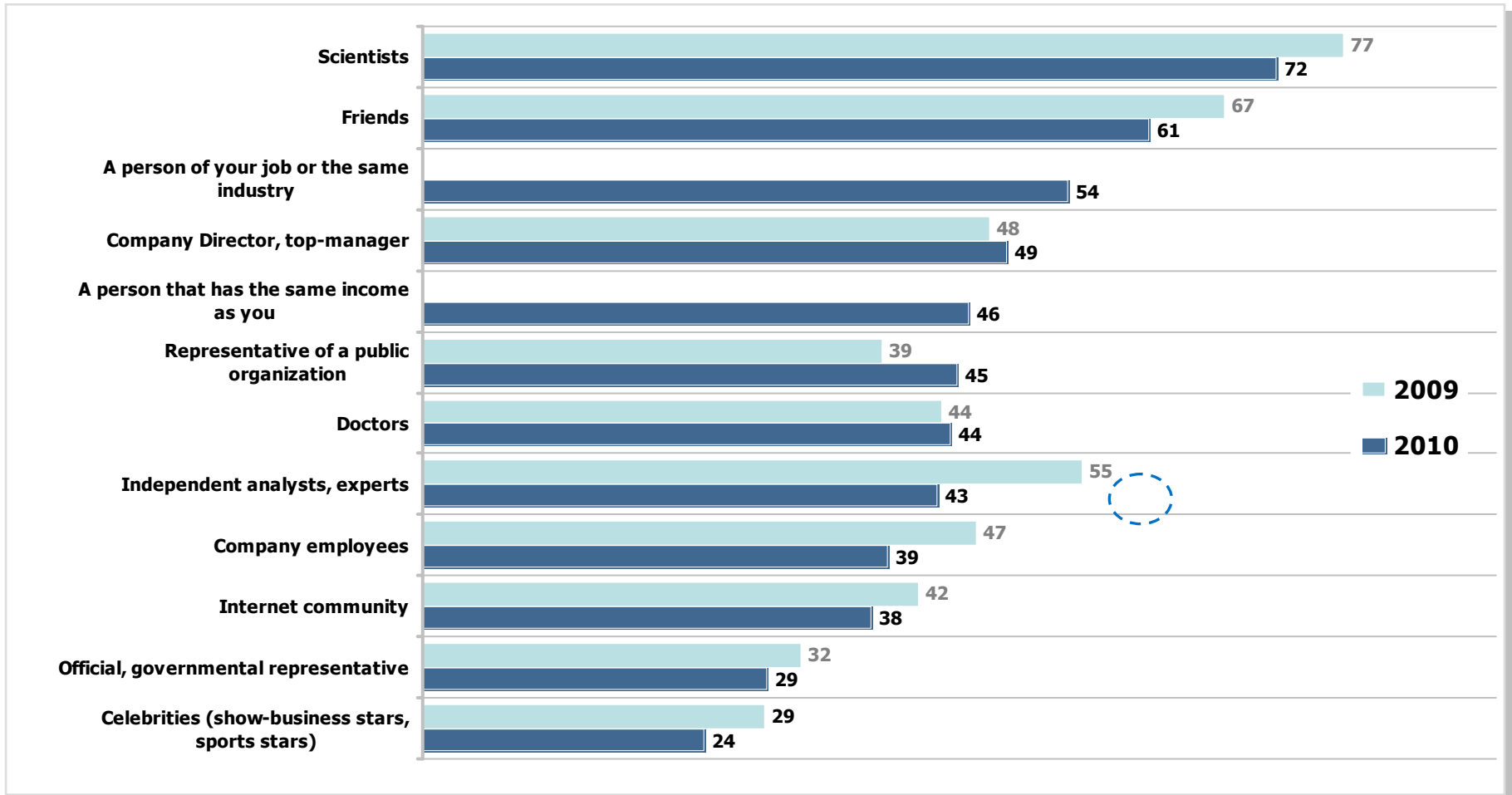
Among mass media, the most trusted is TV, designated magazines and corporate communications. In 2010, prosperous consumers have become more distrustful

Q10. Please, evaluate the reliability of each of the below listed sources of news about companies and their products. [Variants «Absolutely reliable» and «very reliable»]



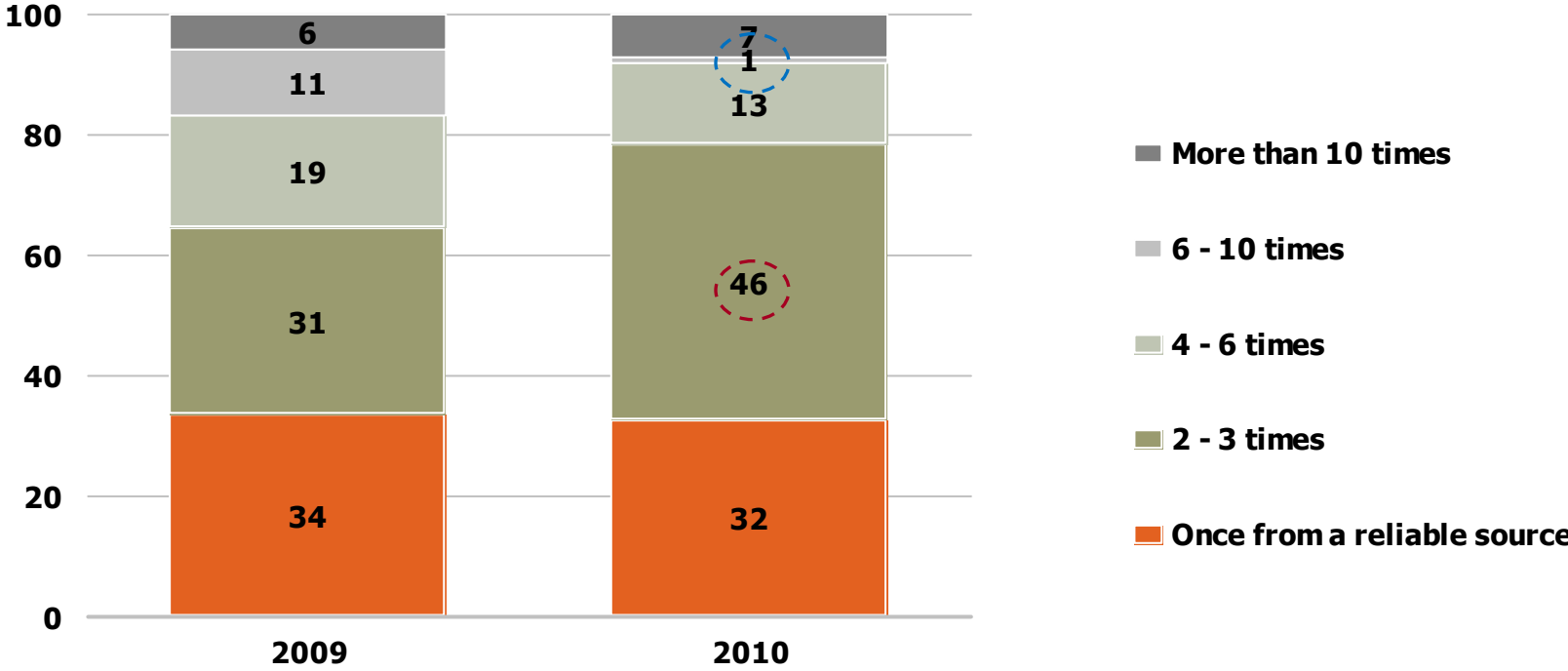
Scientists, friends and professional society are the most reliable, while “celebrities” and officials - the most unreliable sources of information.

Q14. If you heard information on a company from each of these people, how would you evaluate its reliability?



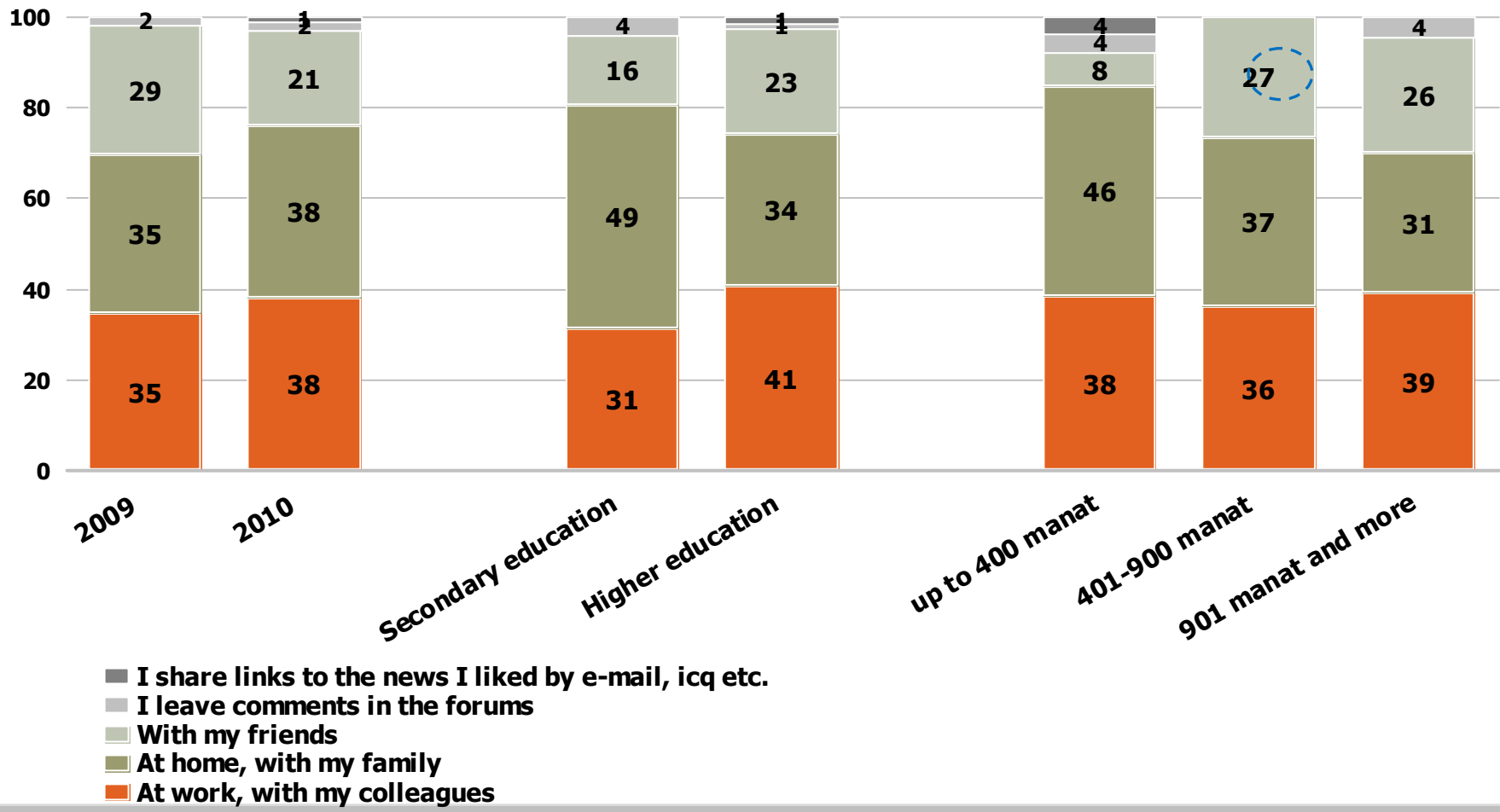
About one third of respondents need to hear the information from a reliable source only once to believe it, others need it to be repeated several times.

Q17. Thinking of everything you see or hear about companies every day (whether it is positive or negative information), how many times do you need to hear something about a specific company to consider this information reliable?



The news is usually discussed at work and with the family. Respondents with higher education and higher income more often communicate beyond their home

Q16. Who do you discuss the news you learnt with?



The majority discuss the heard news with 1 to 5 people

Q15. When you learn the news you are interested in, how many people do you discuss it with?

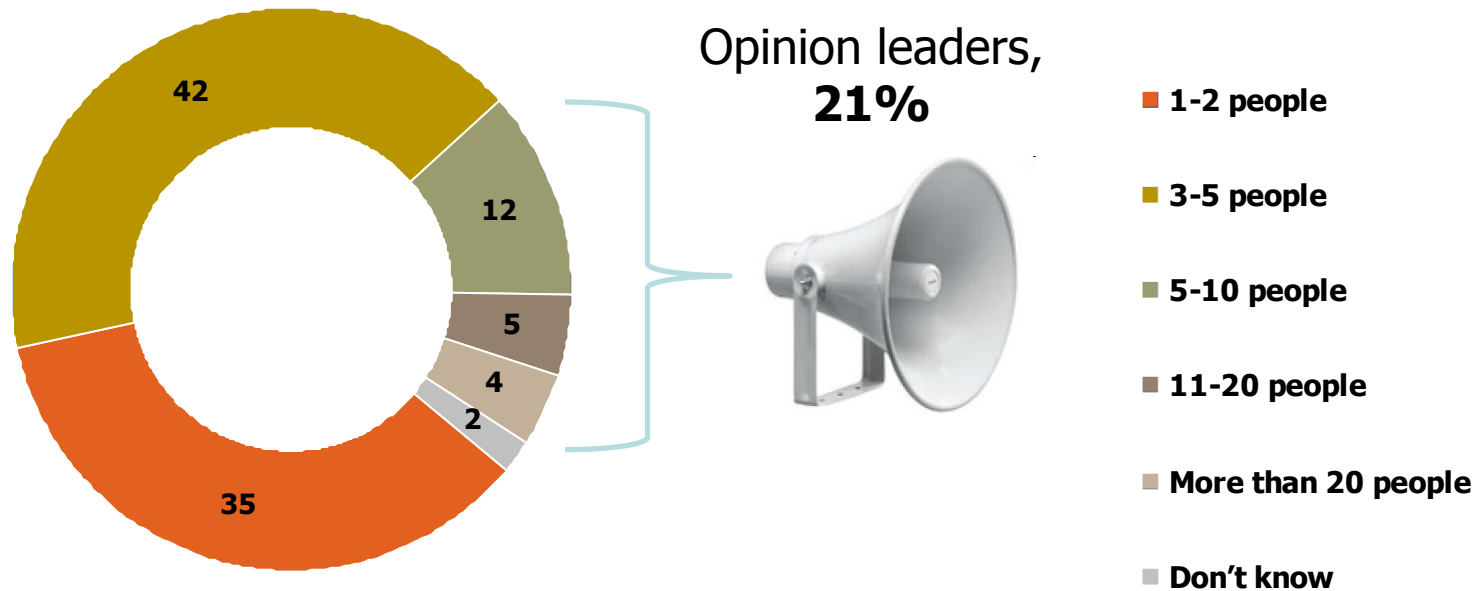
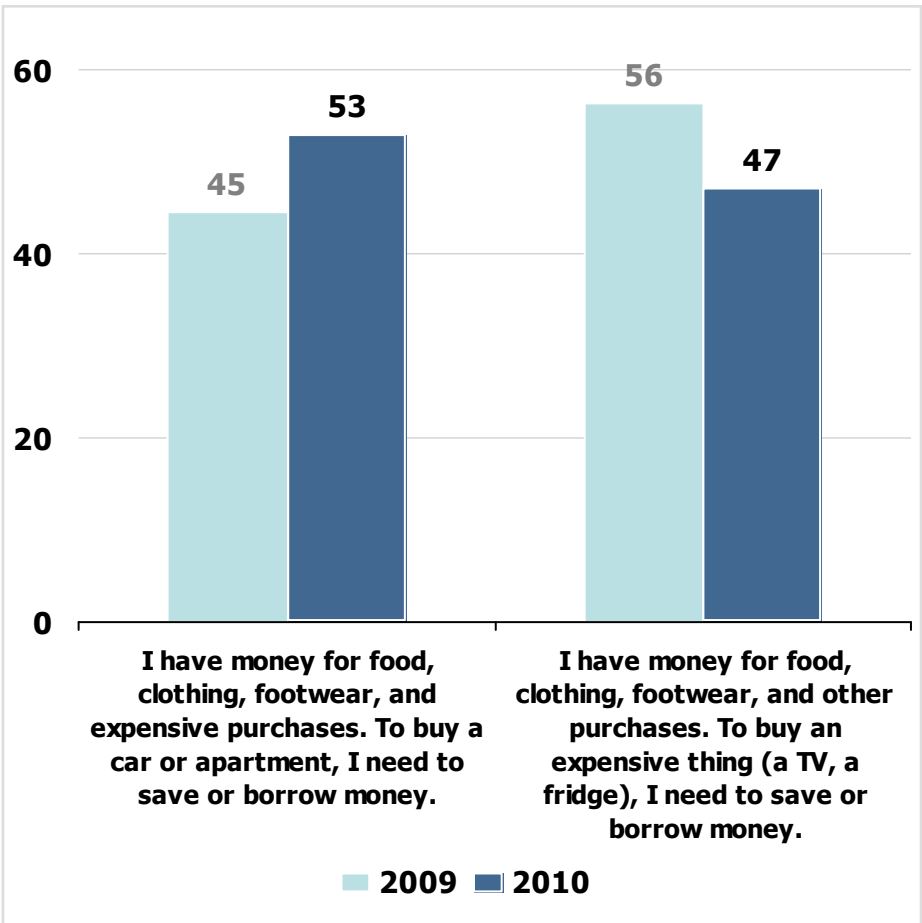


Table of contents

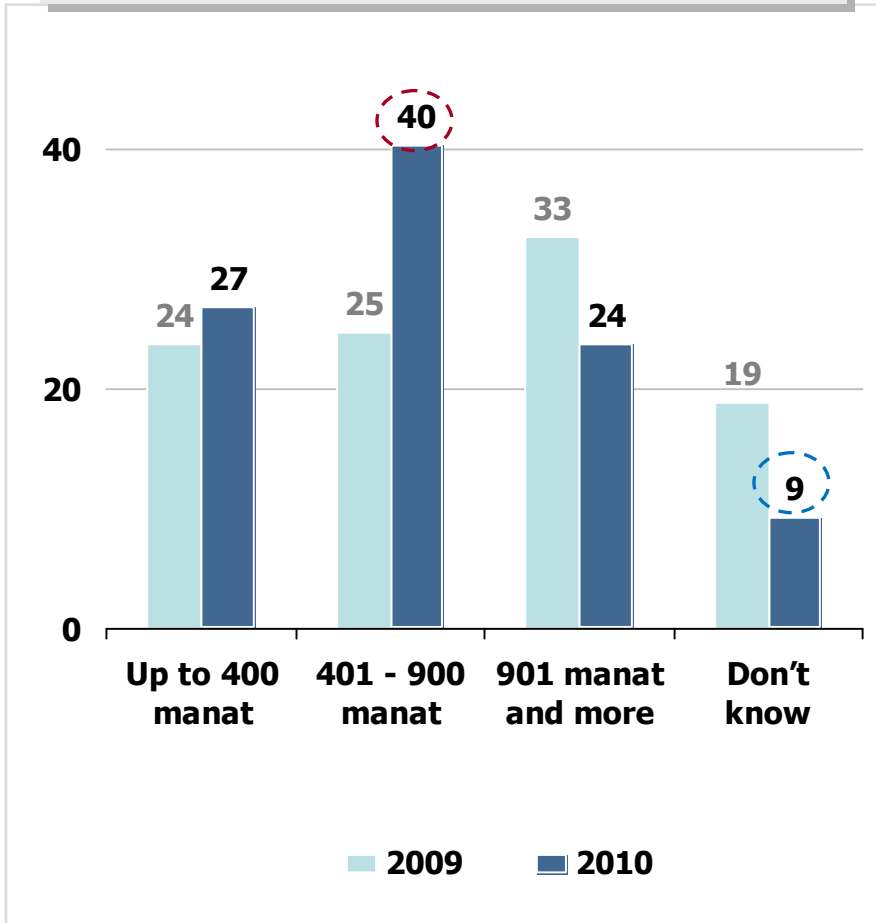
1. Survey objectives and methodology
2. Main findings and recommendations
3. Public institutions' credibility
4. Perception of companies' image and impact of trust on consumer behavior
5. Trust in communication channels and forms
- 6. Social and demographic characteristics of prosperous Azerbaijanians**

Income of respondents

Subjective evaluation of income

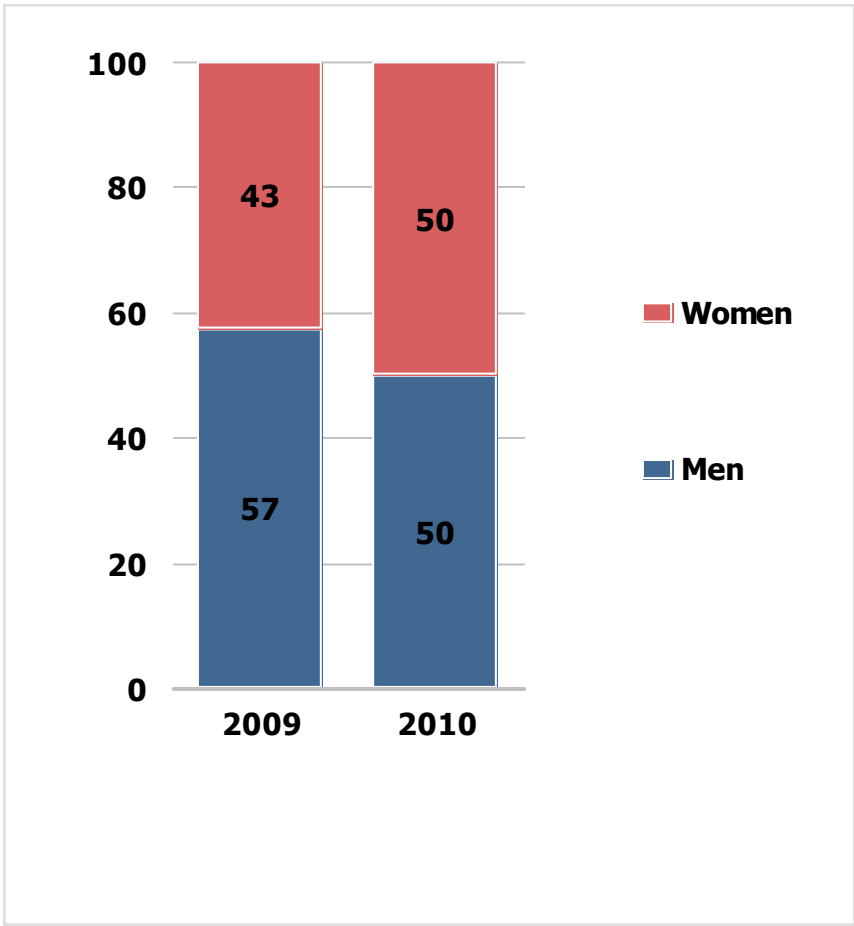


Average monthly family income according to oral information provided by the respondents

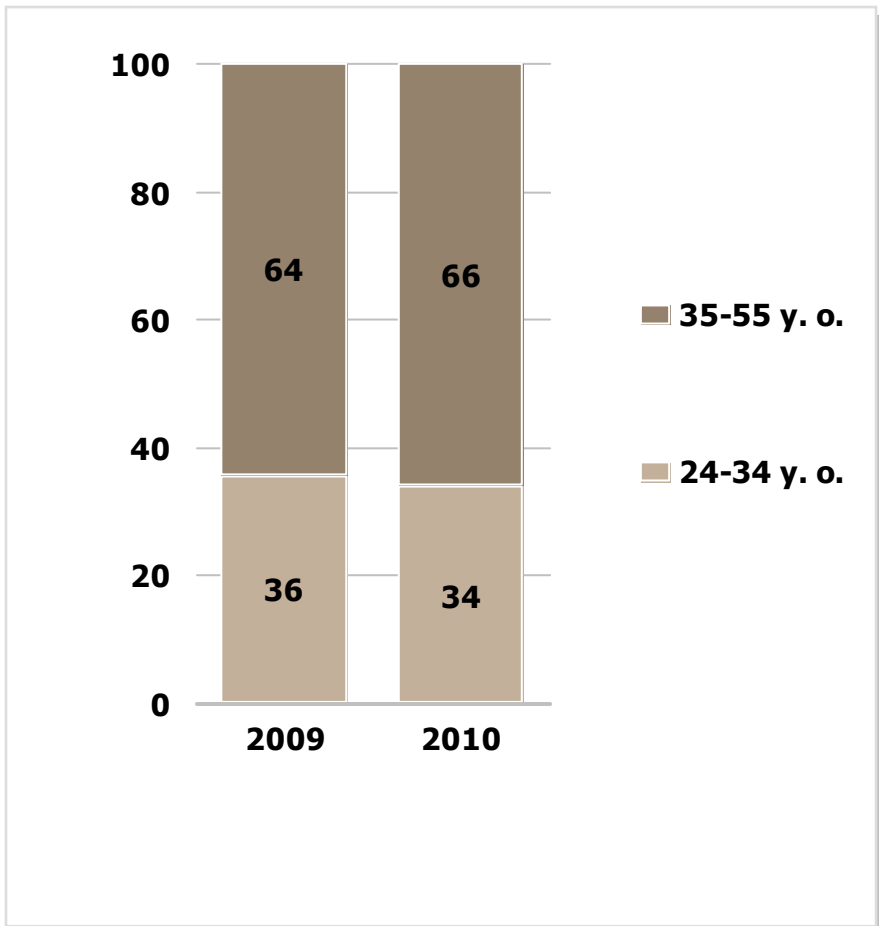


Sex and age

Sex

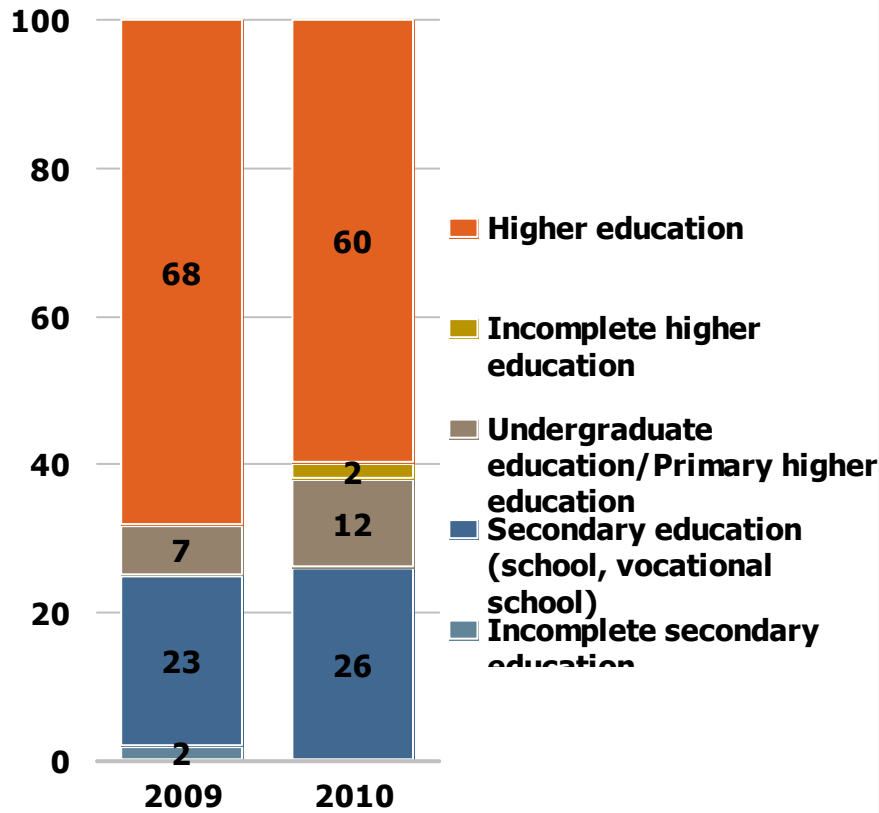


Age



Education and employment status

Education

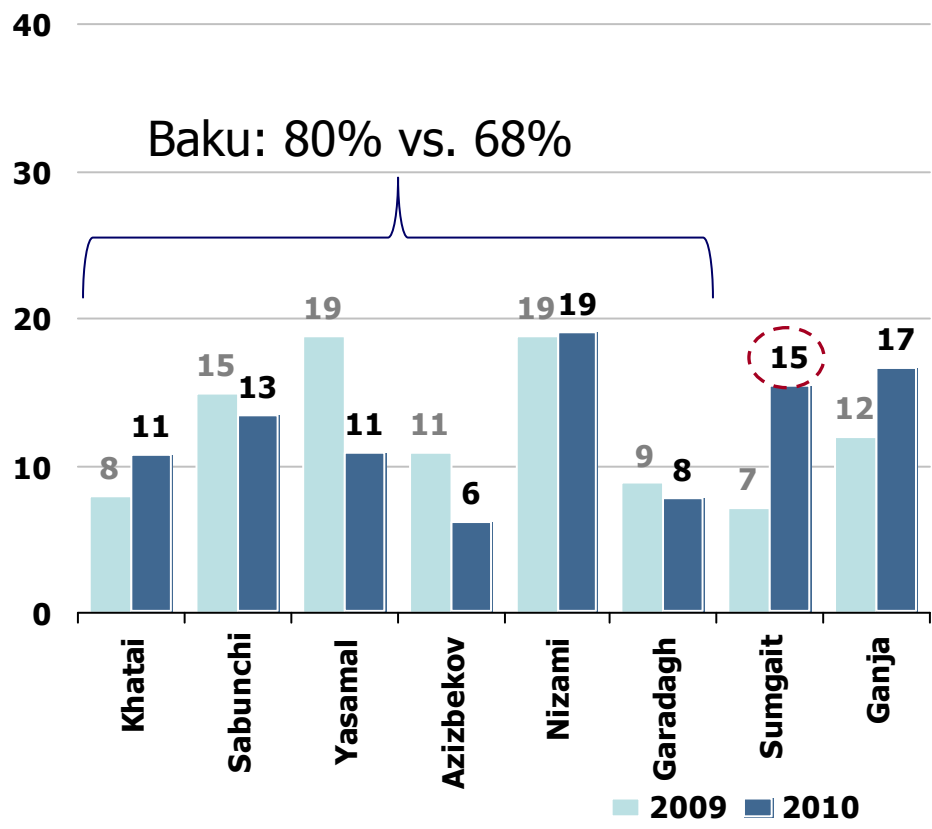


Employment status



Geography and nationality

City



Nationality

