

SURVEY OF PROSPEROUS CONSUMERS'
OPINIONS IN UKRAINE

PR  NobletMedia CIS
&Communications Guide

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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 the post-crisis year of 2010, Ukraine saw the increase of individual income and economic recovery, which is followed by the increase of trust in the new government and specific business industries. In particular, as we can see from this survey, the increase of trust of prosperous Ukrainians in banks by only 10 per cent is followed by growth of the scope of deposits for over 20%. Regaining trust cracked by the crisis is the key to the economy revival.
- In the meantime, this survey shows that the customer taught by the crisis is becoming more cautious and suspicious. He begins to spend more time on finding information from various sources, this is why it's becoming even more difficult to persuade him to buy some or other product/service. The key role in persuading belongs to trust – in business in general, in 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 TONE TO THE ECONOMIC LIFE OF THE COUNTRY

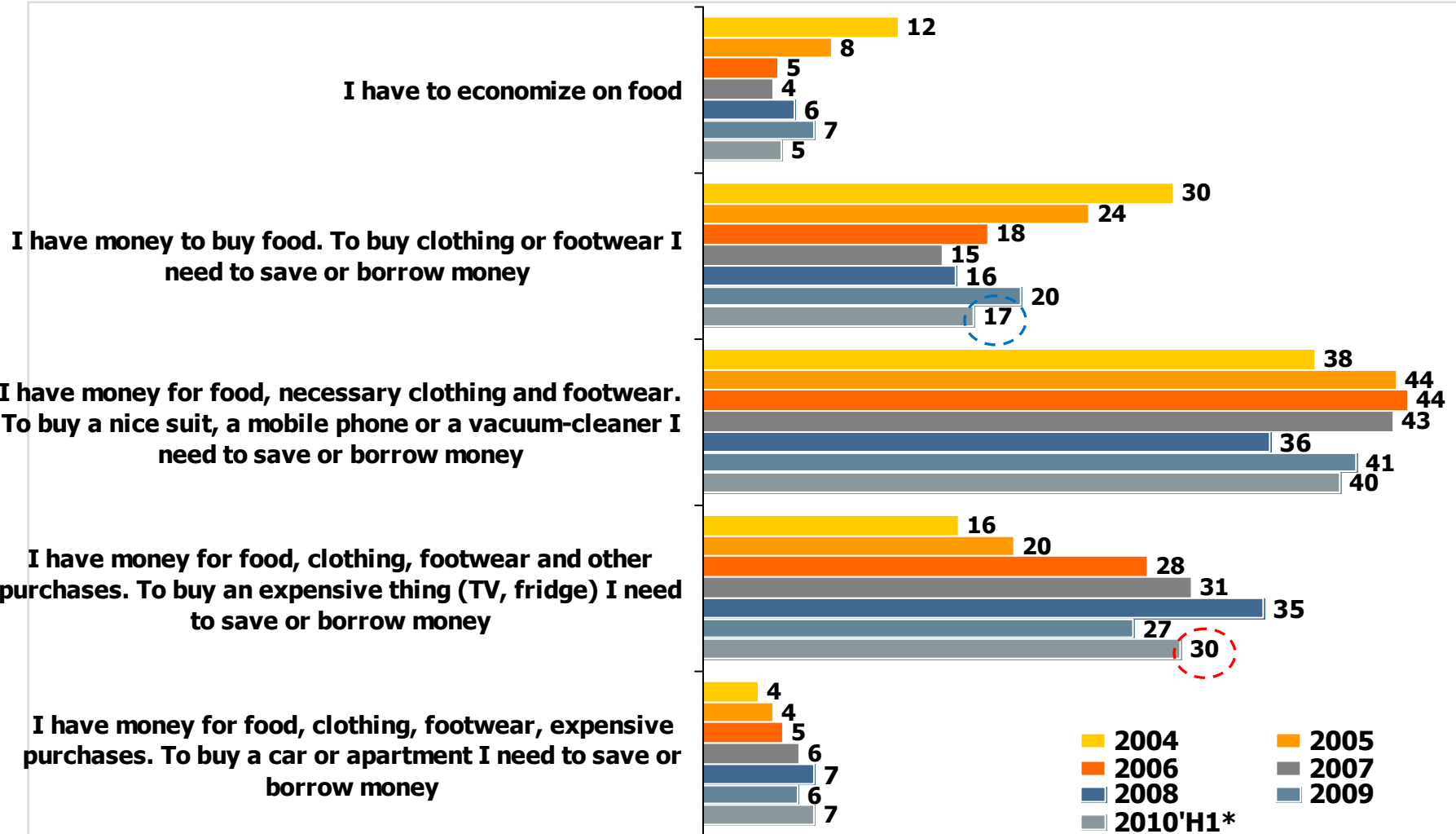
Defining prosperous consumers

During interviews, Ukrainians 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:



In 2010, the share of prosperous consumers in megapolises increased to 37% (compared to 33% in 2009)

Data: adjustment survey of the TV-panel of GfK Ukraine, N=5,000 per wave, cities with over 500,000 inhabitants; 2010` H1 – Data of the regulatory survey of GfK Ukraine, N=1,000 per wave.



The survey was conducted in 2009 and in 2010 using one and the same methodology:

The idea of the survey was prompted by Edelman Trust Barometer

- **Method:** Computer-aided telephone interviews (CATI)
- **Selection:** 200 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 6.9%.
- **Survey geography:** Kyiv, Donetsk, Kharkiv, Odesa, Dnipropetrovsk, Lviv
- **Time of interview:** 1st wave of the survey: August 17 – 26, 2009
2nd wave of the survey: August 18 – September 03, 2010
- **Project manager:** Inna Volosevich, Senior Analyst of the Services Market Research

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Main findings (1)

- In 2010, the share of prosperous consumers, as well as their income, increased.
- Prosperous consumers tend to have more trust in public organizations (37%) and business (32%), than in the government (13%). With that, the majority is still paradoxically sure that the government should exercise a stricter control over business.
- In 2010, trust in the government increased. The majority believe that the government are creating favorable conditions for the big, but not for the small or medium business.
- Among various industries, the most trusted are companies operating in the field of engineering and communications, the least trusted are insurance and medical companies. In 2010, trust in banks grew by 10% (from 21% to 31%).
- Among international public organizations, the most trusted is UNO, the least trusted is CIS. Among religious organizations/personalities, the most trusted are Ukrainian Orthodox Church (Kyiv Patriarchate) and the Pope, the least trusted is the Ukrainian Greek Catholic Church. The most trusted are public organizations dealing with consumer rights protection, the least trusted among public organizations are those dealing with economic development and business.

Main findings (2)

- The most prosperous consumers tend to overpay for the products/services of the companies they trust and not to buy products/services of the companies they do not trust, even if they are cheaper than their lookalikes.
- The quality of products/services, creation of jobs, law abidance, attitude to own employees and environmental care are the most important factors of the company's image. At the same time, most prosperous consumers are skeptic to the general notion of "social responsibility".
- In 2010, the Internet becomes the most popular source of information for prosperous consumers (the higher the income, the intensive the use). The majority also regularly watch TV news and read business press. Whereas articles in designated magazines and business press are trusted twice as much as the Internet or TV.
- Scientists, friends and professional society are the most reliable, while "celebrities and public people" are the least trustworthy 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.
- Opinion leaders have greater response to negative than to positive information about a company.

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

More effective messages:

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

Less effective messages:

- Ukrainian 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;
- as opinion leaders more actively response to negative information, major resources should be directed to its neutralization.

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

Positive balance/high credibility:	Negative balance/low credibility:
<i>International organizations:</i>	
UNO, EU, EBRD, World Bank	CIS, IMF
<i>Religious organizations:</i>	
The Pope, Ukrainian Orthodox Church (Kyiv Patriarchate)	Ukrainian Orthodox Church (Moscow Patriarchate), Patriarch Cyril, Ukrainian Greek Catholic Church
<i>Public organizations, business sectors:</i>	
Consumer rights protection, sports, cultural development, health care	Economic/regional development, business associations, trade unions
<i>Business, area of operation:</i>	
Engineering, technologies, communications, agriculture	Insurance companies, medical and energy companies, banks
<i>Personalities:</i>	
Scientists, independent analysts and professional experts	Officials, celebrities, directors and employees of companies, doctors

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

- It is recommended to use the Internet (news, forums, blogs, social networks, own website) and television (news) for dissemination of information. In this case, trust in these sources is twice as low as in the specialized business press. That's why it is recommended to support the messages by releases in core publications.
- Prosperous Ukrainians acquire information best in an analytical-publicistic format involving scientists and experts.

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Main findings (1)

- Prosperous Ukrainians have more trust in public organizations, than in business and government (37% vs. 32% and 13% accordingly). Apparently, the respondents believe that public organizations won't be able to harm them, unlike business or government. In particular, the most trusted are consumer rights protection organizations, sports, cultural and healthcare organizations. Among international organizations, the most trusted are UNO and EU; among religious ones – UOC (Kyiv Patriarchate) and the Pope.
- According to Edelman Trust Barometer, the increase of trust in business is usually followed by the increase of trust in government and vice versa. In 2010, Ukraine saw the opposite tendency: while reduction of distrust in government (from 81% to 63%), distrust in business increased (from 31% to 42%). That is, prosperous Ukrainians think that business and power are somewhat antagonistic: in the crisis year of 2009, amidst the peak of distrust in the government, the respondents hoped for business, while in 2010, under the conditions of economy stabilization, increase of trust in the new government and rhetoric of the latter on the necessity to "establish order", Ukrainians began to feel more suspicious about business in general.
- This antagonistic perception is supported by the fact that although business is more trusted than the government, 52% believe that the government should exercise stricter control over business in all its areas. In the world, such perception is usually typical of the countries, where trust in the government is higher than trust in business, and Russia (trust in business is 42%, in the government – 38%).

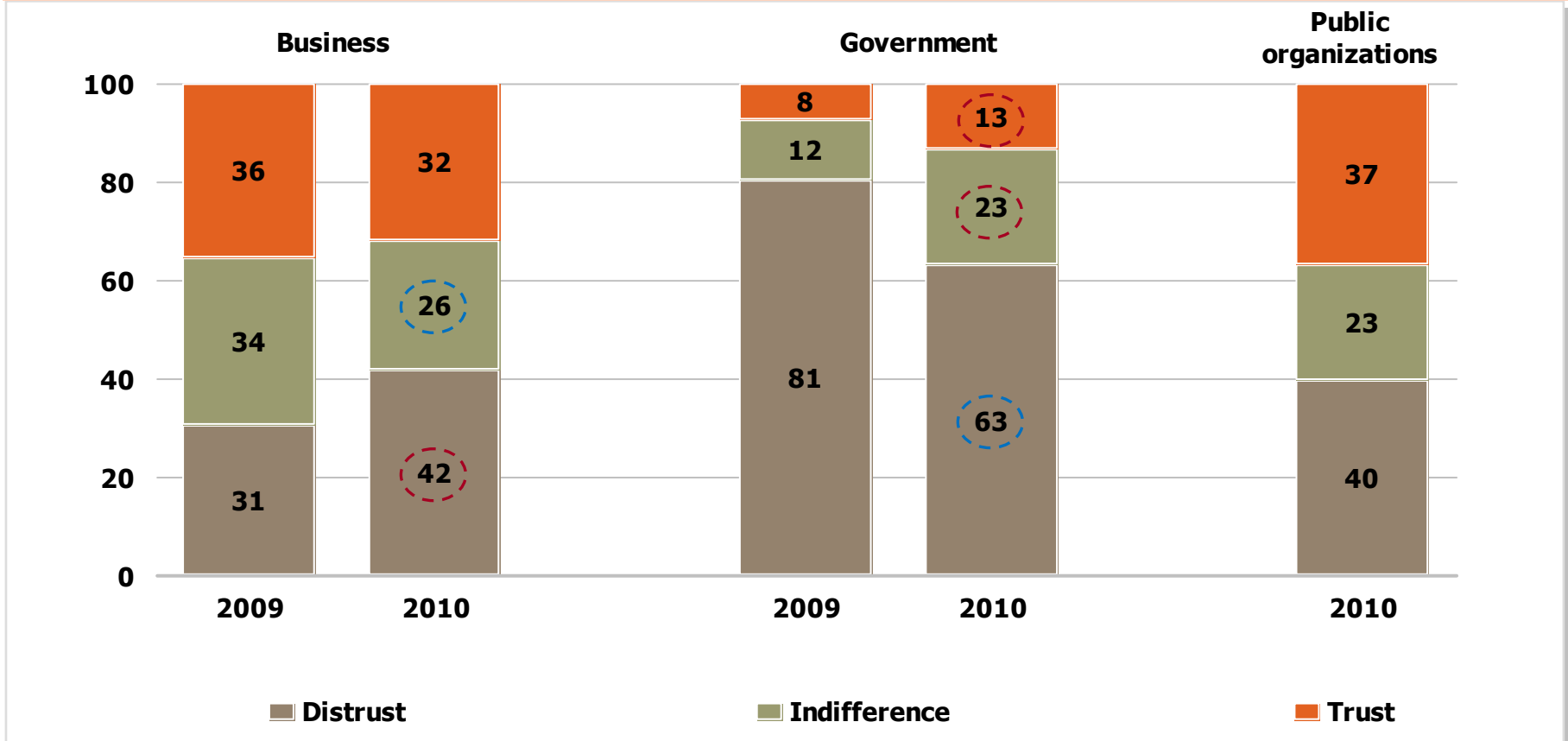
Main findings (2)

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- Consequently, reduction of trust in business in general is rather a response to the entrenchment of power than to the aggravation of the business environment in Ukraine. This is confirmed by the fact that trust in various business areas either remained at the same level or increased. Trust in banks increased more than in any other institutions: from 21% in 2009 to 31% in 2010. Whereas, the scope of retail deposits has increased by more than 20% since the first wave of the survey.
- The majority of prosperous consumers believe that the government is rather creating favorable conditions for the big business, is rather not creating them for the medium, and is creating them at the lowest level for the small business.

Prosperous consumers have more trust in public organizations (37%) and business (32%), than in government (13%). Trust in government increased by 5% in 2010.

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"]

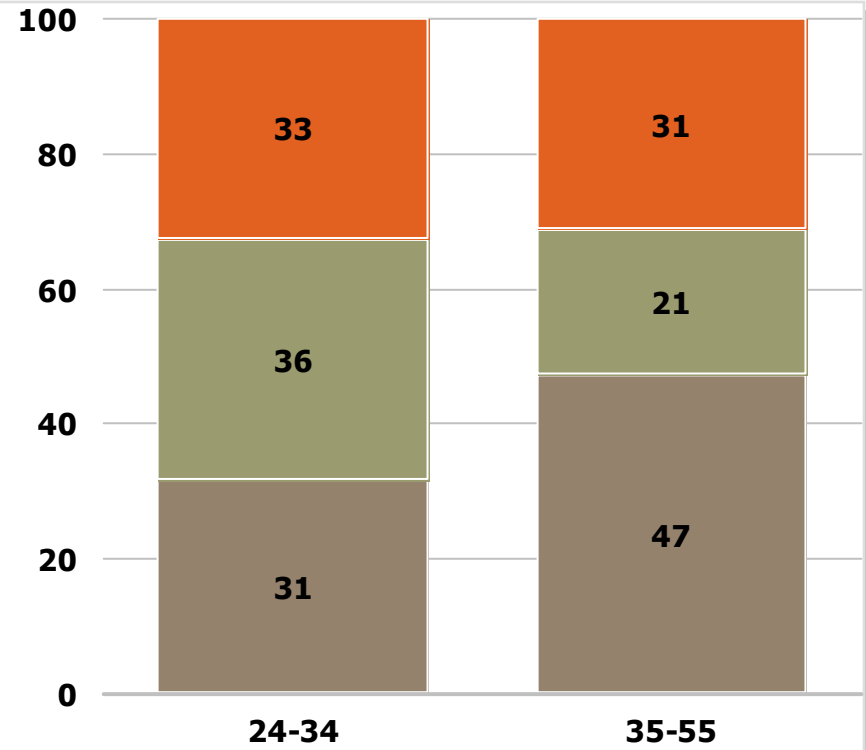
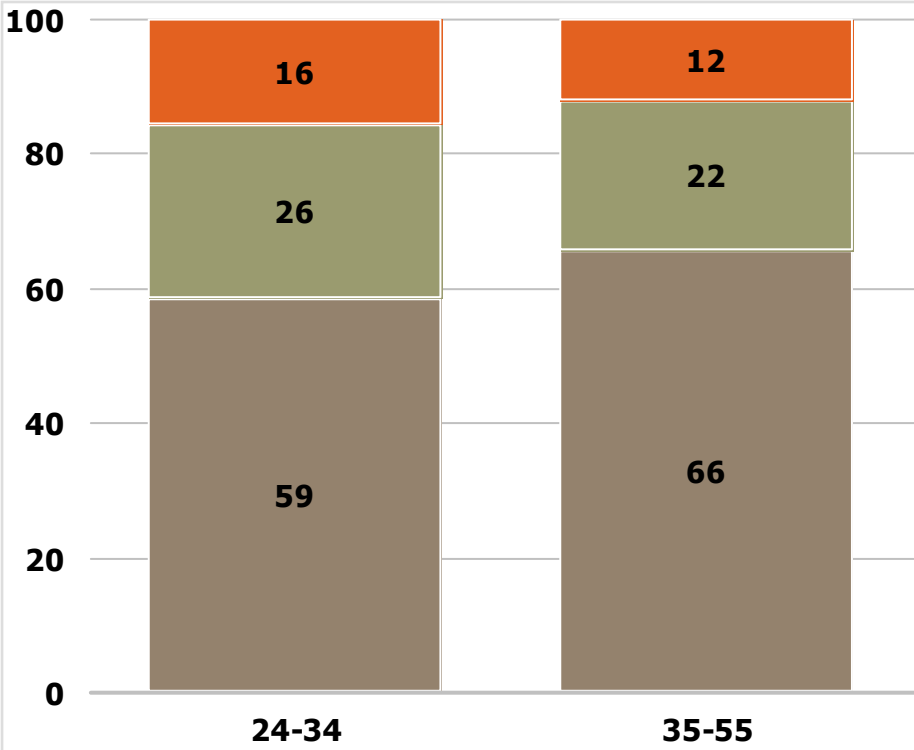


Hereinafter, circles stand for statistically significant differences at the probability level of 90%: blue – reduction, red – increase of the indicator compared to the previous year. Respondent subgroups are compared to the general selection

Respondents aged 35-55 have less trust in both government and business

Q1. How much do you trust the governmental authorities in doing as they consider it right?

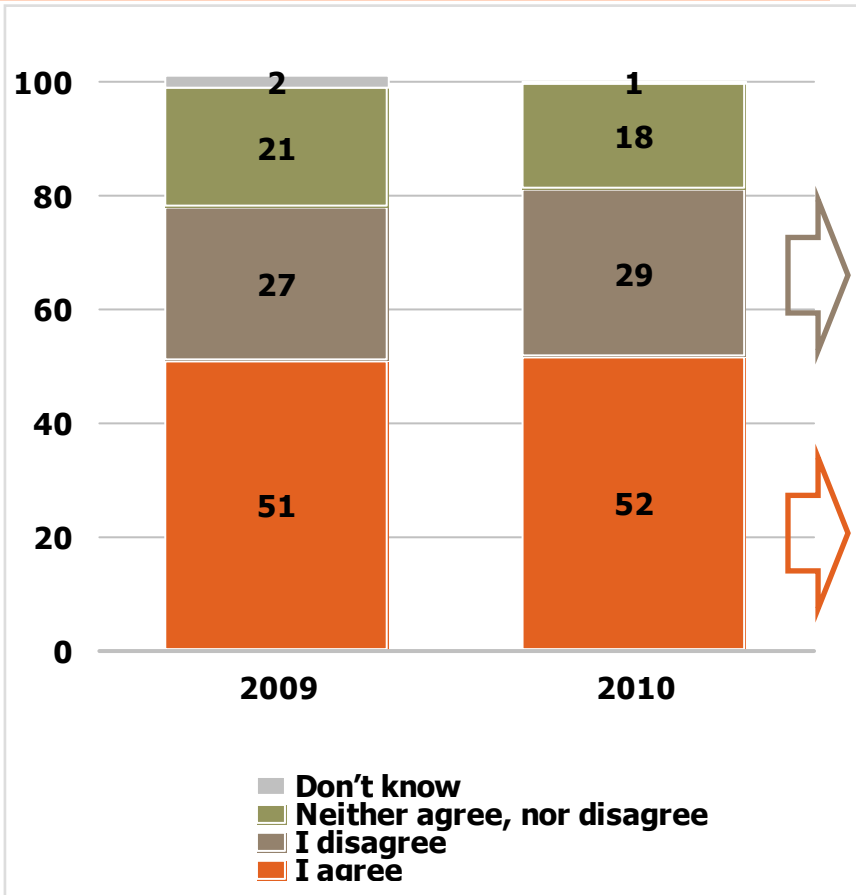
Q2. How much do you trust businesses in doing as they consider it right?



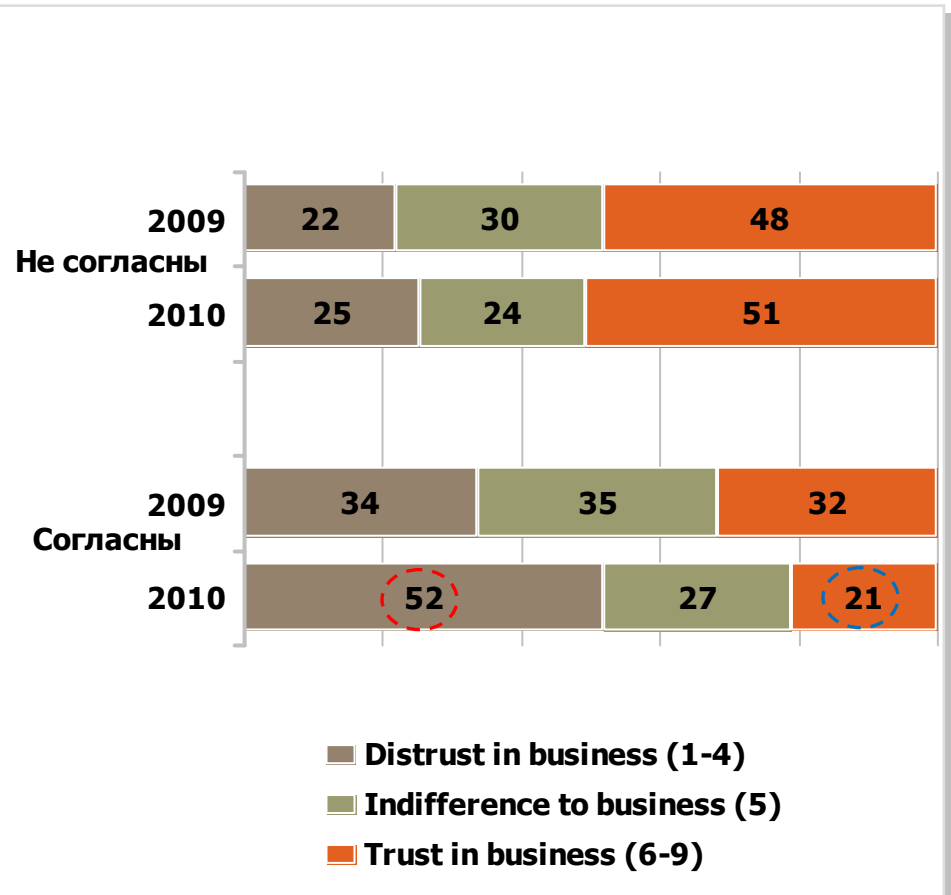
■ Distrust ■ Indifference ■ Trust

Most prosperous Ukrainians agree that the government should have 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?

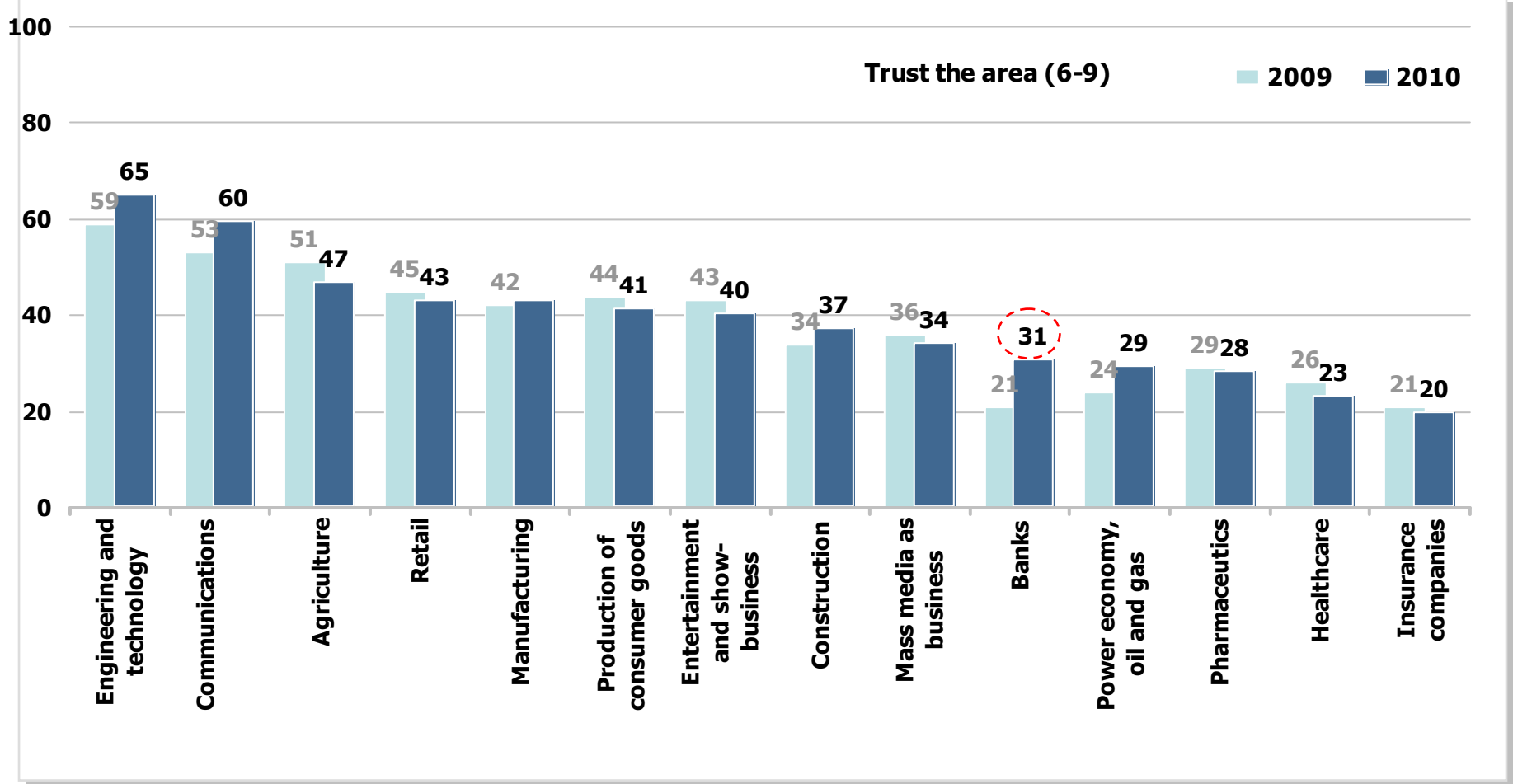


Q2. How much do you trust businesses in doing as they consider it right?



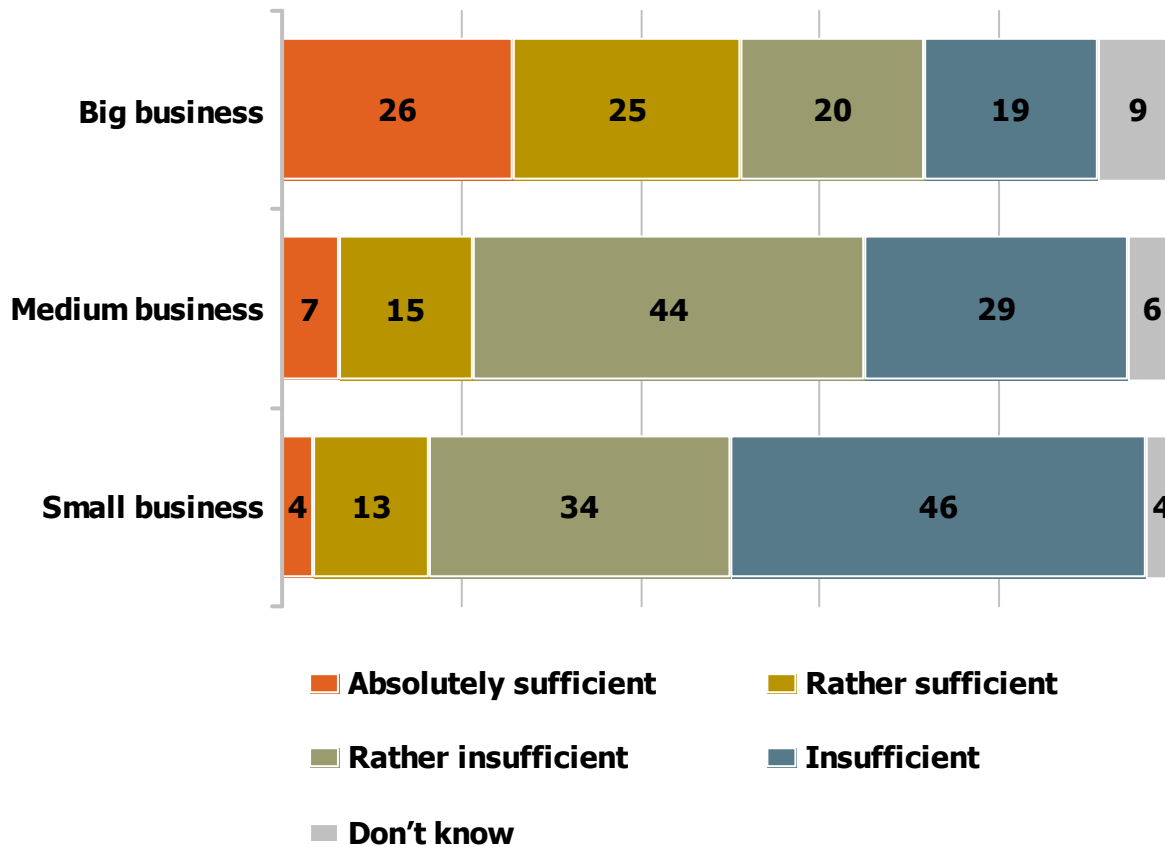
Due to the increase of trust in banks, the scope of retail deposits in August 2010 increased by more than 20% compared to August 2009

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 government is creating favorable conditions for the big business, and not for the medium and small

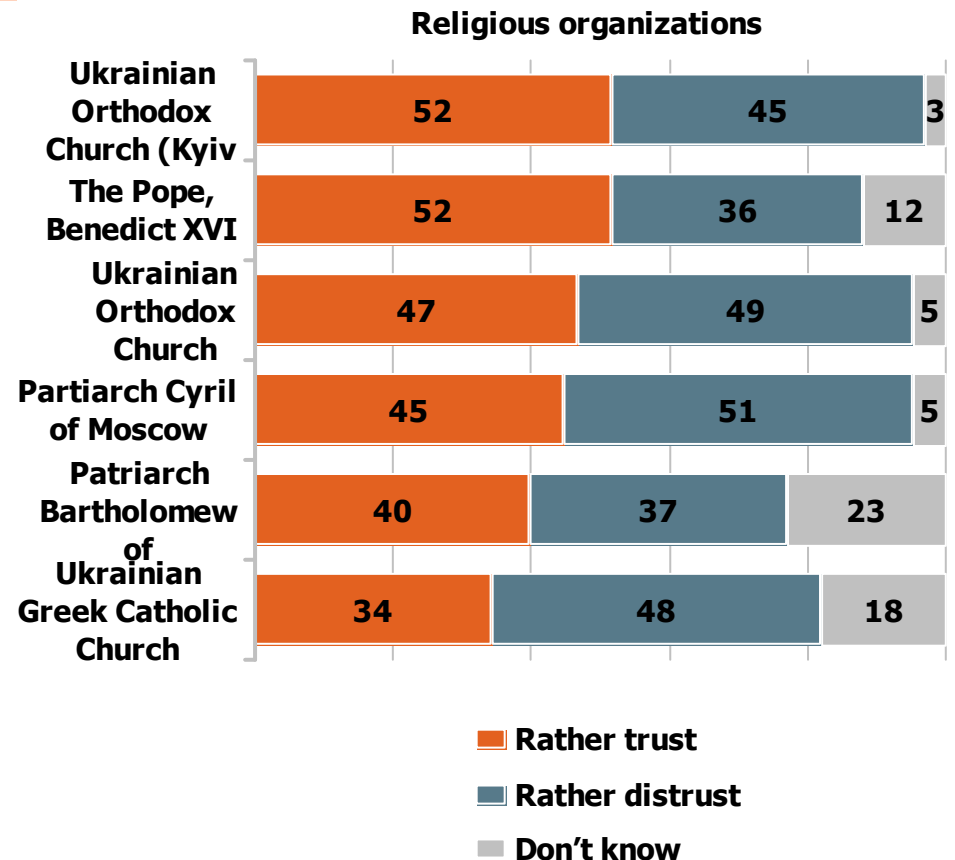
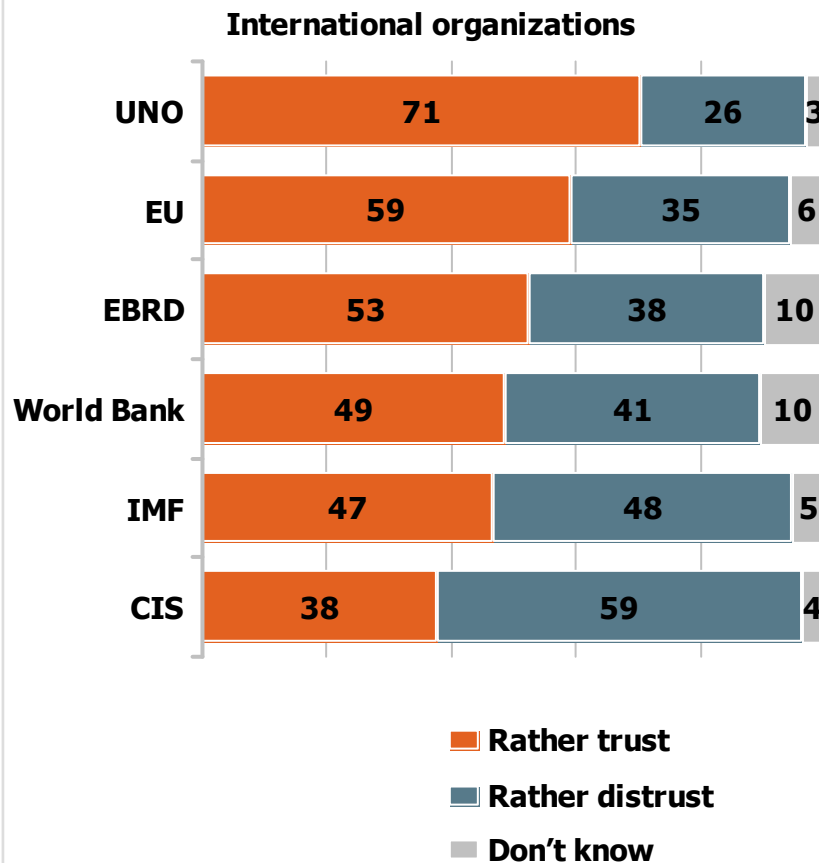
Q5. Do you regard the efforts of the government in creating favorable conditions for the small business as sufficient? What about the medium business? And for the big business?



Among international organizations, the most trusted is UNO, among religious ones – Ukrainian Orthodox Church (Kyiv Patriarchate)

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



The most trusted public organizations are consumer rights protection ones, the least trusted are those dealing with economic development and business

Q9. I am going to read the list of various categories of public organizations operating in Ukraine, and you please tell me, which of them you trust

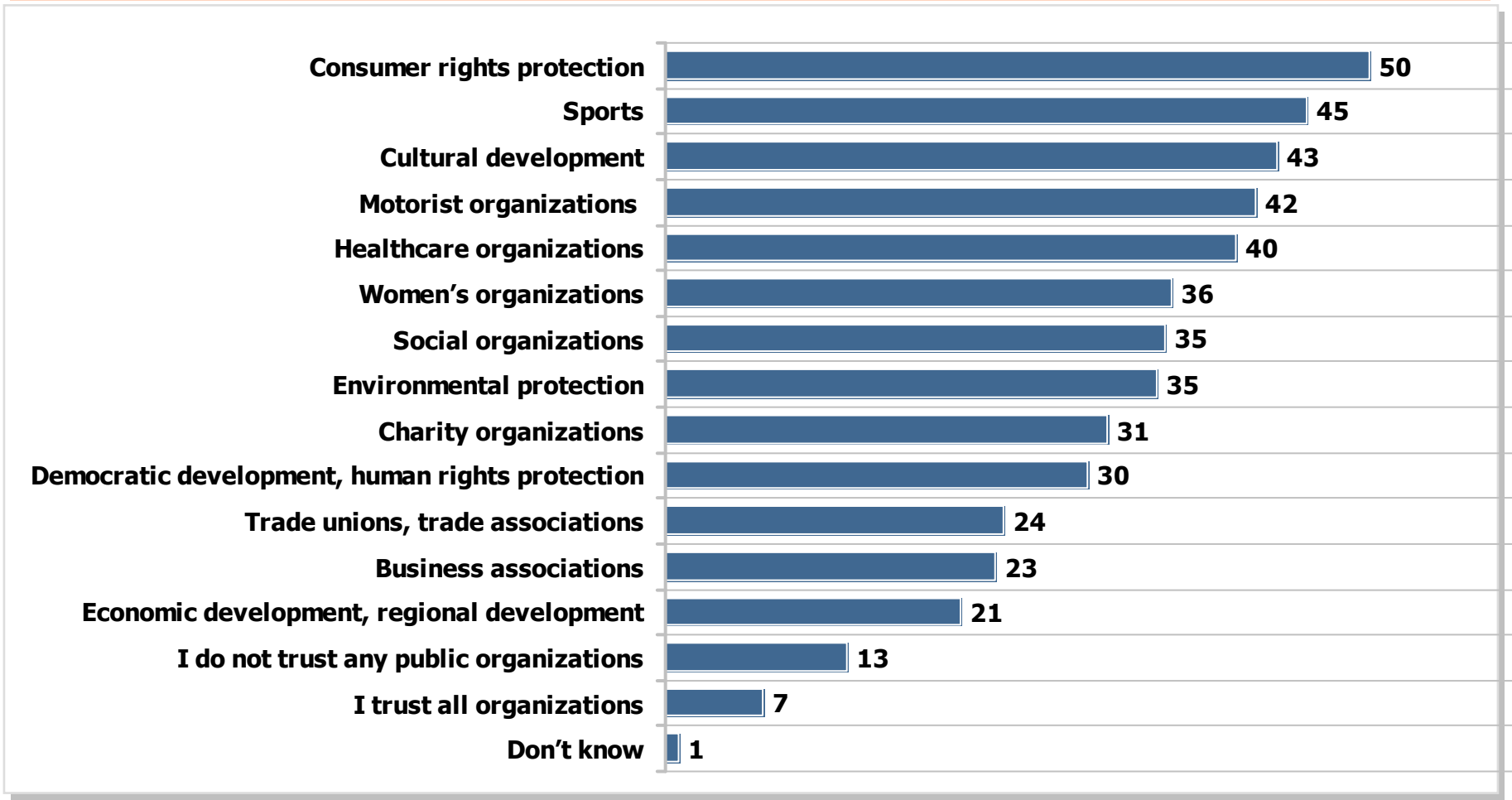


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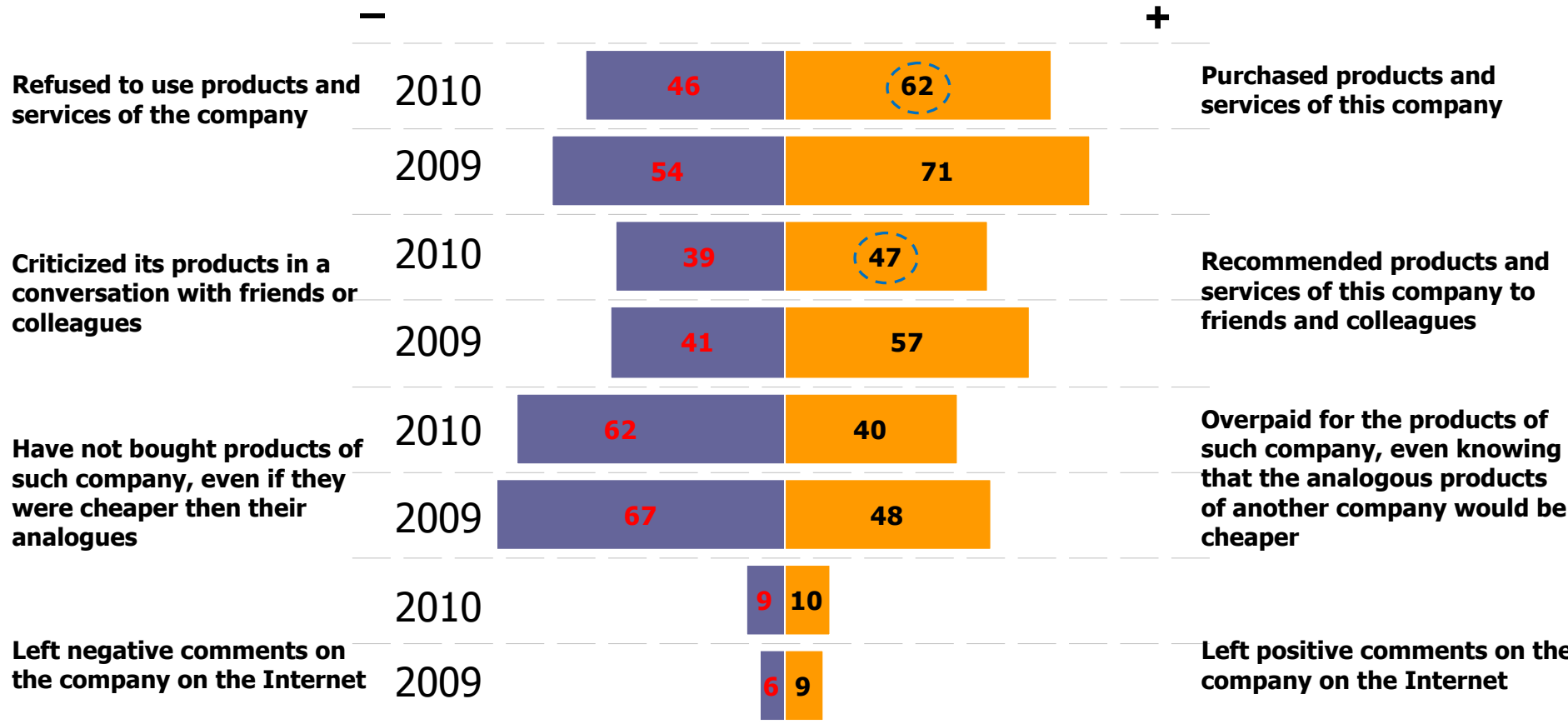
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Main findings

- In 2009, amidst the peak of the crisis, trust was more important for the consumer than in 2010: thus, in 2009, 57% recommended products/services of the companies they trust to friends and colleagues, and in 2010 – only 47%; in 2009, 71% bought products/services of the companies they trust, in 2010 – only 61%. Nevertheless, consumer behavior of the majority of respondents continues to be defined by the level of trust in companies in 2010.
- The quality of products/services, creation of jobs, law abidance, attitude to own employees and environmental care are the most important factors of the company's image, while the adjectives "Ukrainian", "foreign", "international" or "innovative" are the least important. The notion of the company's "social responsibility" is not very familiar and does not have credibility with the majority of respondents: only 38% of prosperous consumers have more trust in socially responsible companies and tend to buy their products/services; another 38% do not care whether a company is socially responsible or not; 24% do not trust in social responsibility of the national companies.

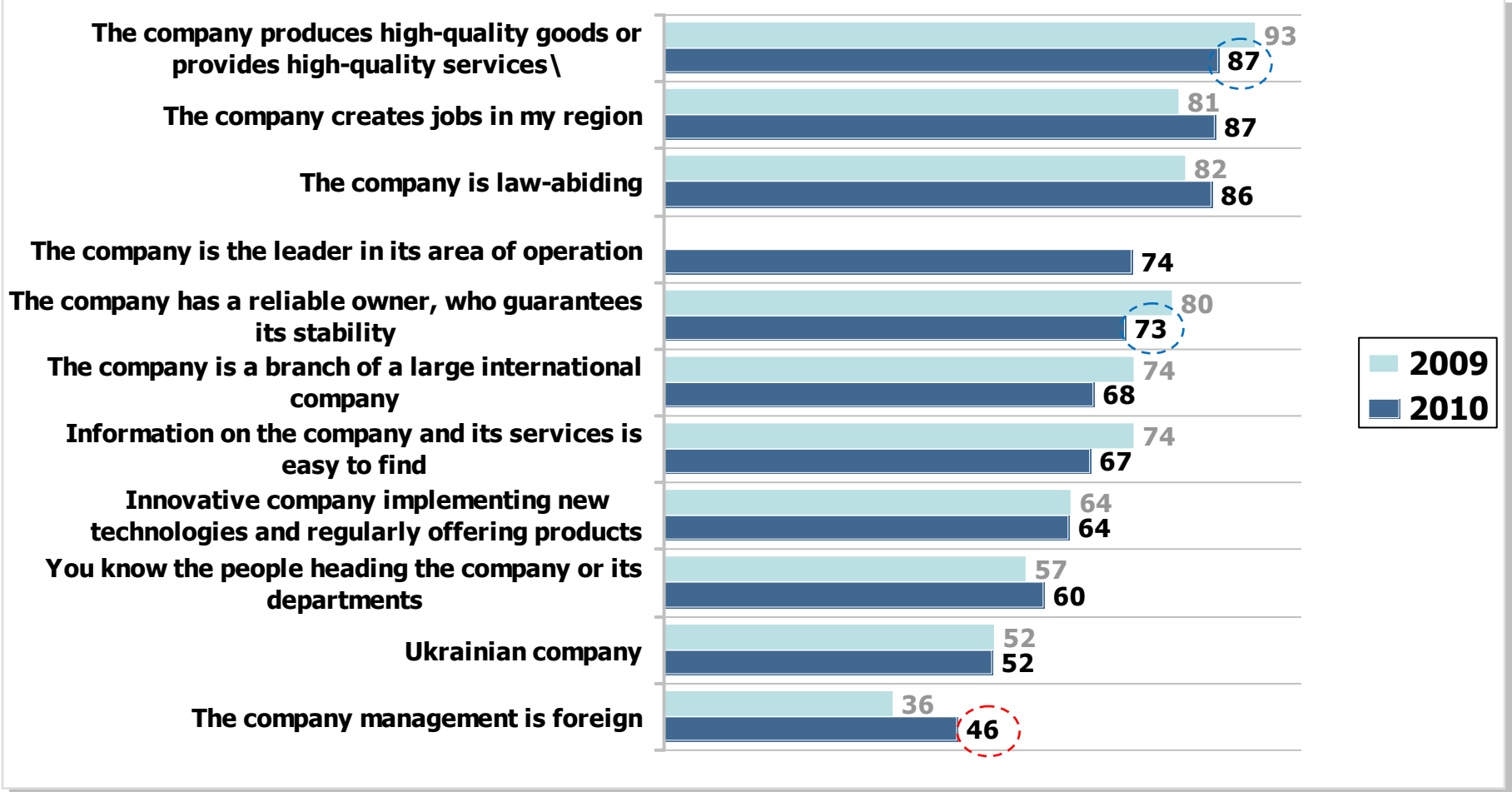
Trust determines consumer behavior, however in 2010 less then in 2009

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?



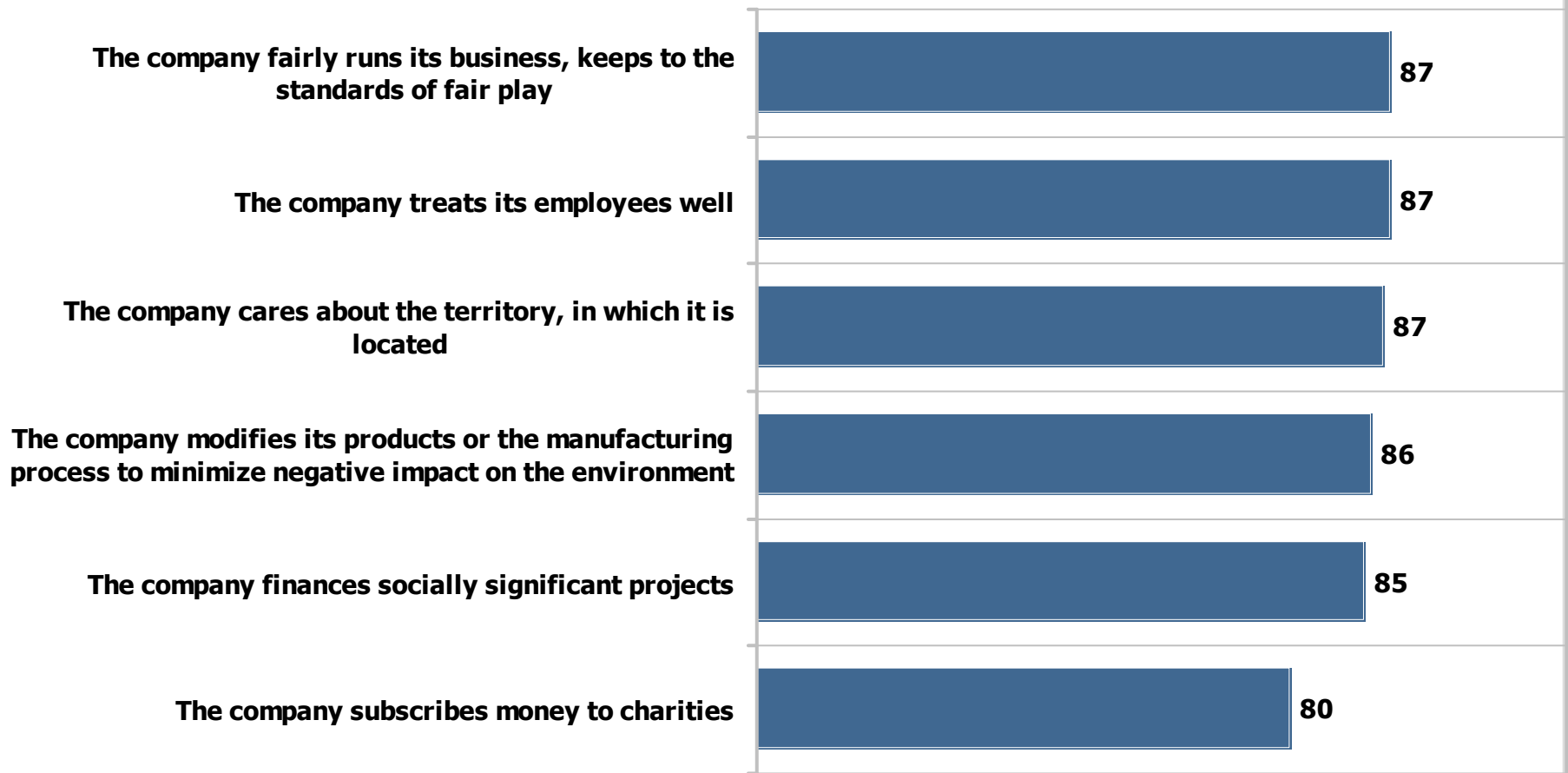
The quality of products/services, creation of jobs and law abidance are the most important factors of the company's image

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»]



Law abidance, employee and environmental care are more important aspects of the company's image, then charity or social projects

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



60% of prosperous consumers are sceptic towards a general notion of companies' «social responsibility»

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

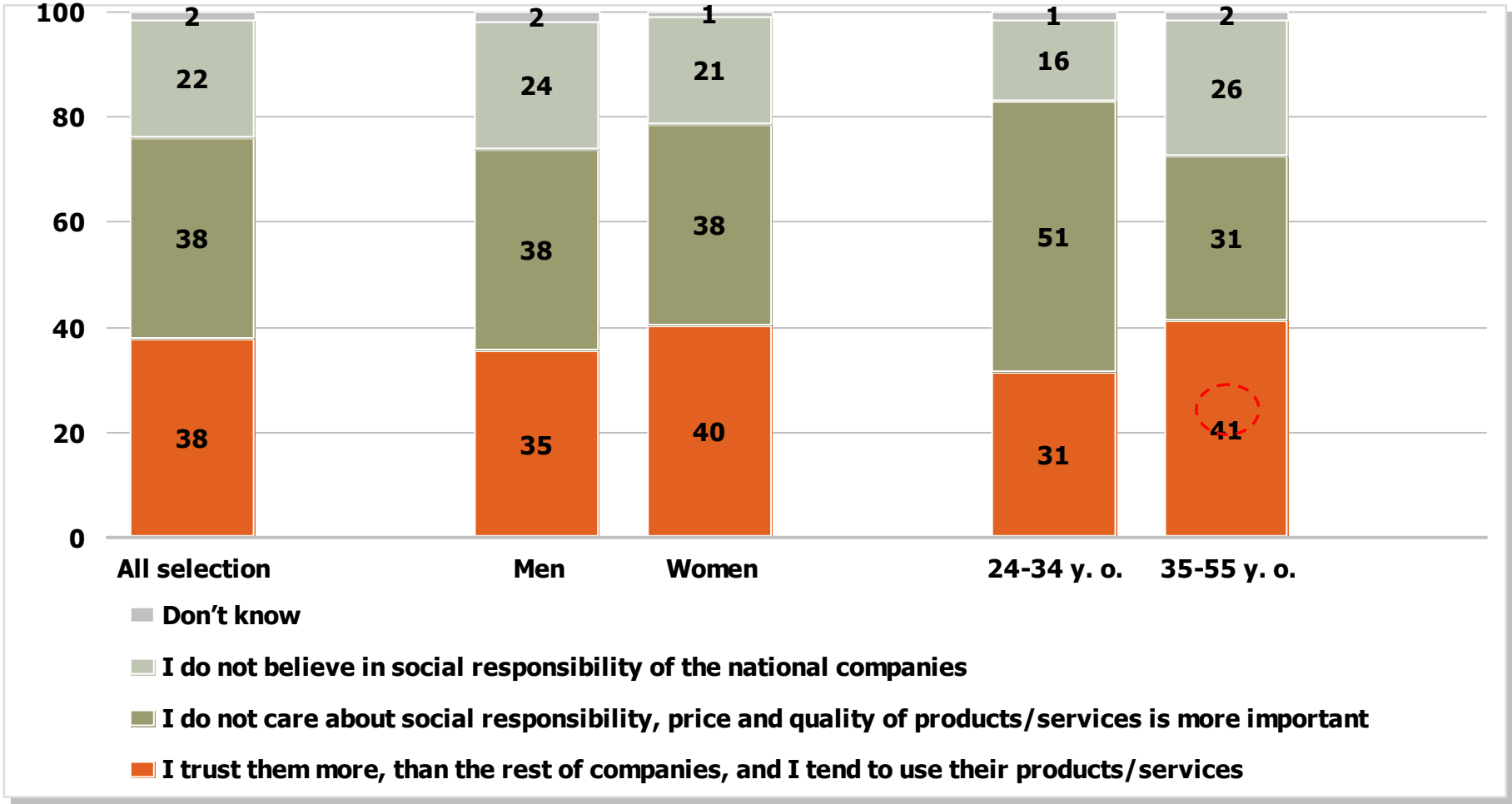


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Main findings (1)

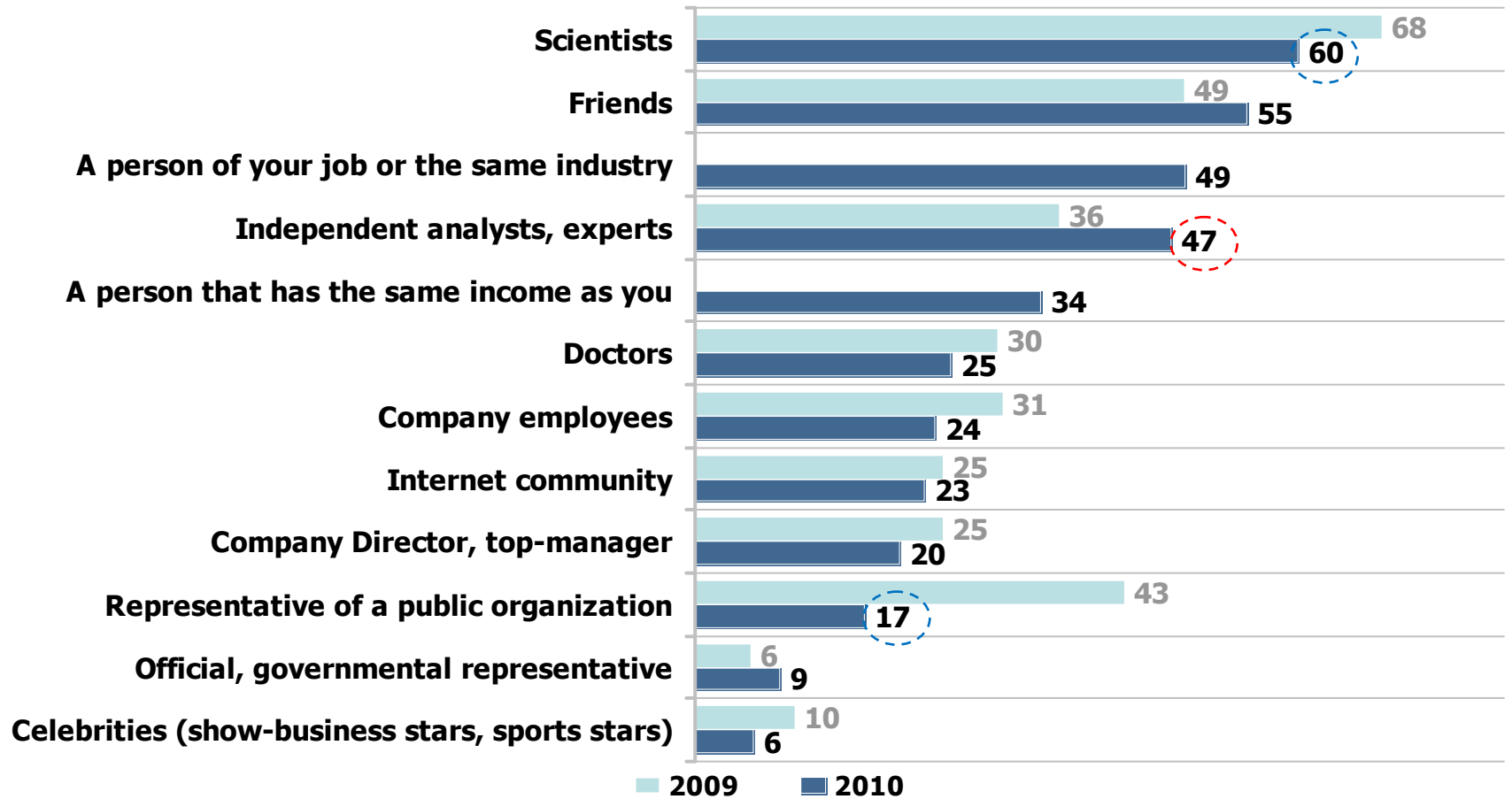
- In 2010, Internet becomes the most popular source of business news for prosperous consumers after outdoing television: 70% daily use the Internet, 60% daily read business news on the Internet. The higher the income, the more intensive is the Internet use.
- The increase of intensity of the Internet use, as well as the share of Internet users (from 88% to 95%) in 2010 are followed by the reduction of trust in the Internet news, forums, blogs and social networks from 30% to 19%. We assume that when acquiring experience of using the Internet, consumers may lose trust in it because of the loads of commercial or unchecked information, spam etc.
- After the Internet, the most popular source of information is television – 46% of the respondents daily watch business news on TV. Yet, the level of trust in TV is as low as in the Internet (20%), which is twice as low as the level of trust in business press.
- In 2010, like in 2009, devoted magazines are the most trusted among other mass media (49%). Trust in articles in business magazines has also increased (from 21% to 35%). 70% of the respondents read business press at least once a week.
- Radio is still the least popular source of business news. However, in 2010, the frequency of listening to radio news and trust in them has increased (from 13% to 24%).

ОСНОВНЫЕ ВЫВОДЫ (2)

- Scientists, friends and the professional society are the most reliable, while “celebrities and public people” are the least reliable sources of information. In 2010, trust in friends and people “like me”, independent experts and analysts increased, while trust in the representatives of public organizations reduced.
- The increase of trust in friends and people “like me” means that while planning PR campaigns, special attention should be paid to opinion leaders. According to the two-echelon communication model, at the first stage media messages are processed by opinion leaders, at the second stage they are communicated by opinion leaders to wider population. In this survey, we offer to regard opinion leaders as those, who discuss the news with more than 5 other people (21% of the respondents). These people are characterized by more frequent use of different mass media. The survey shows that opinion leaders have a stronger response to the negative information about a company, than to the positive: they much more often than the other respondents refuse to buy products/services of the companies, in which they lost trust, as well as criticize them in a conversation.
- In 2010, prosperous consumers are becoming more and more distrustful: to believe the information, 40% of the respondents need to see/hear it 2 to 3 times even from reliable sources (compared to 34% in 2009) and only 33% are satisfied with seeing/hearing it once (compared to 40% in 2009).

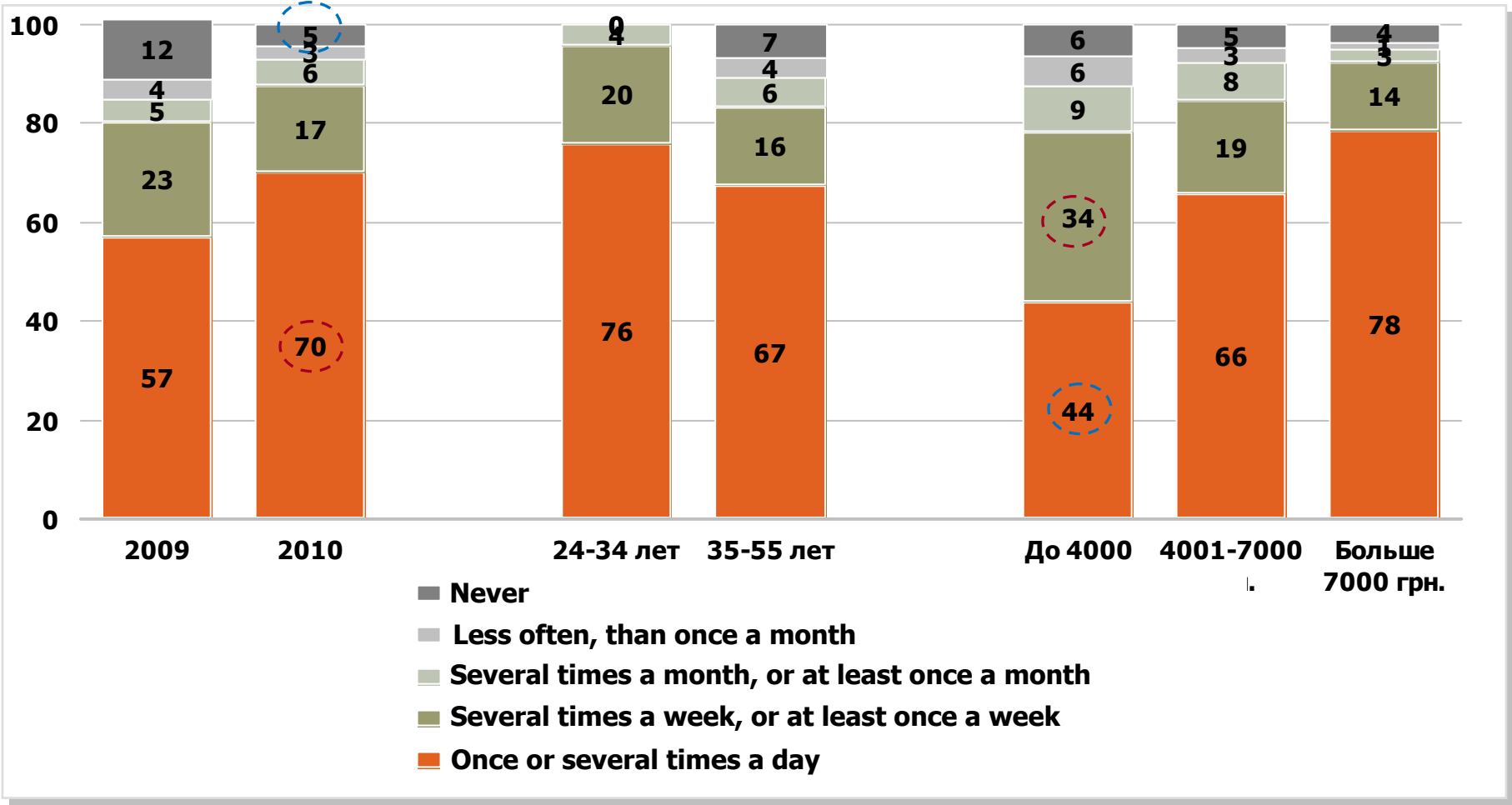
Scientists, friends and the professional society are more reliable than “celebrities and public people” – the most unreliable sources of information

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



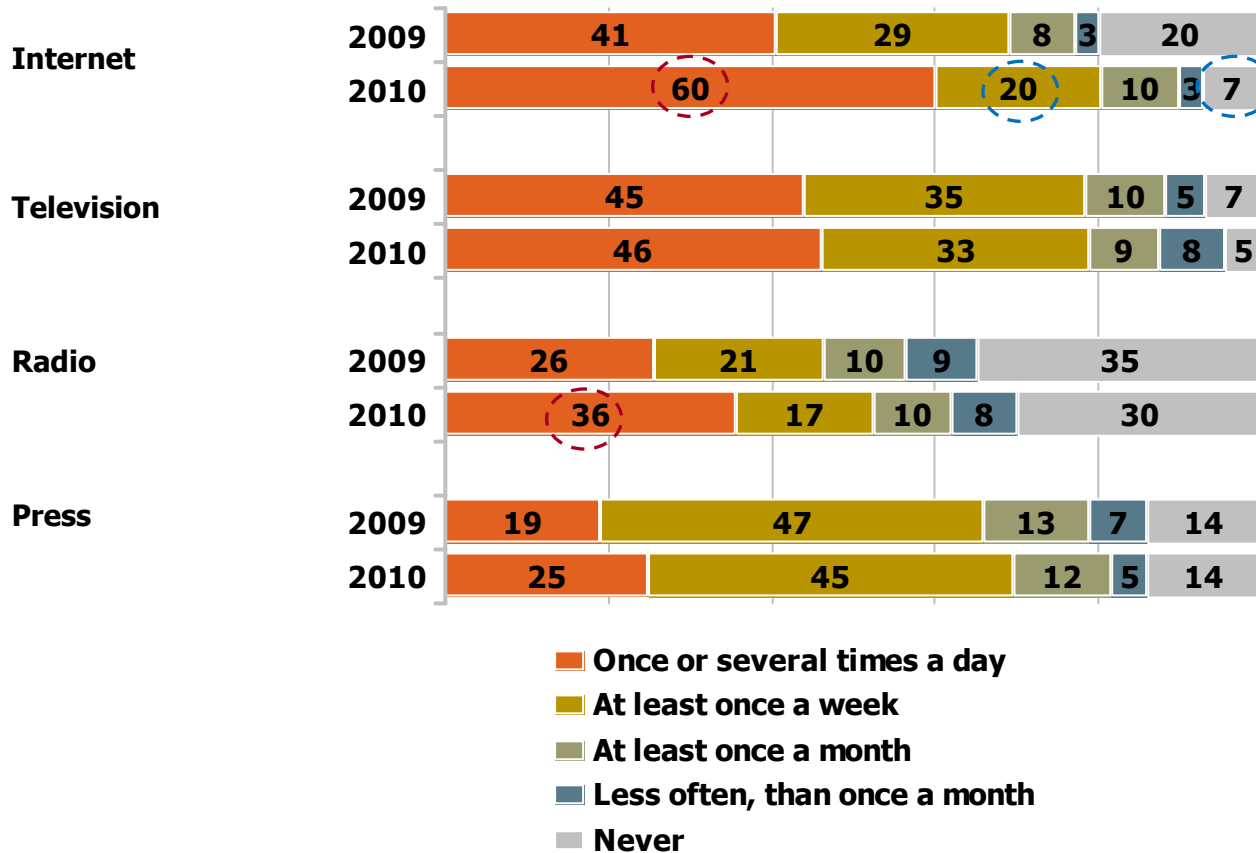
The frequency of using the Internet is growing. The higher the income of consumers, the more often they use the Internet

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



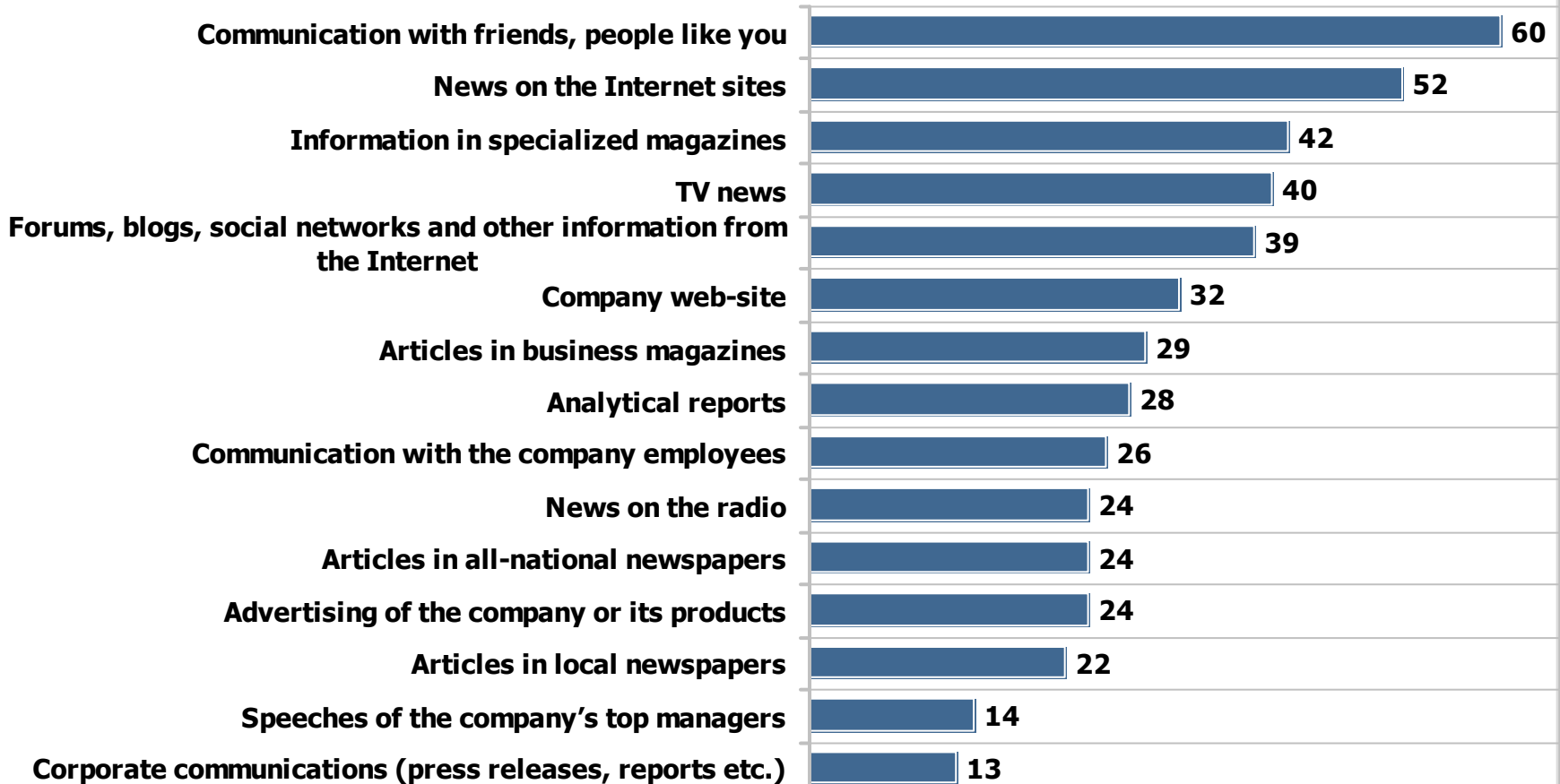
In 2010, business news were most often received via the Internet

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



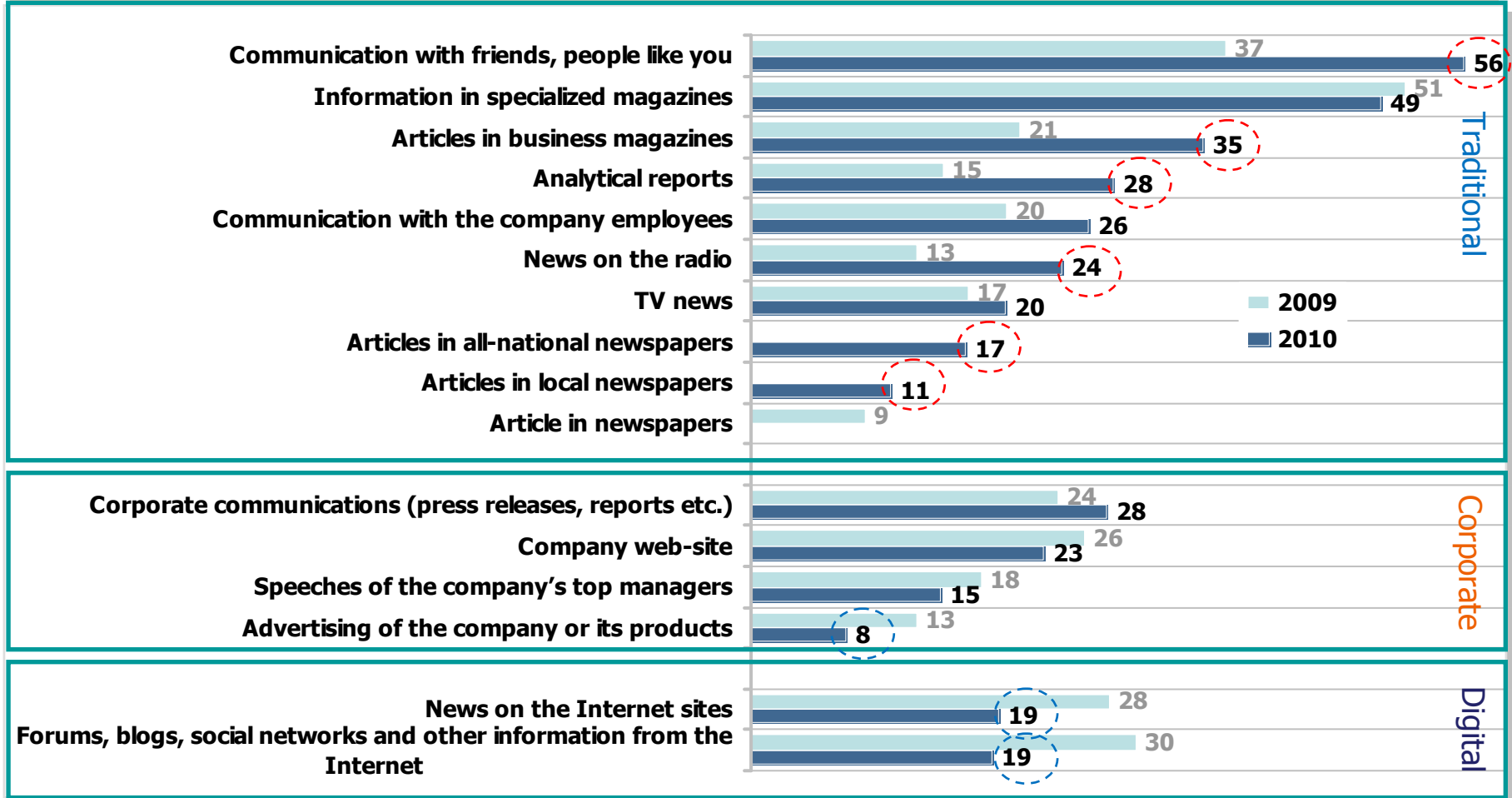
Information of companies and their products is most often searched on the Internet

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



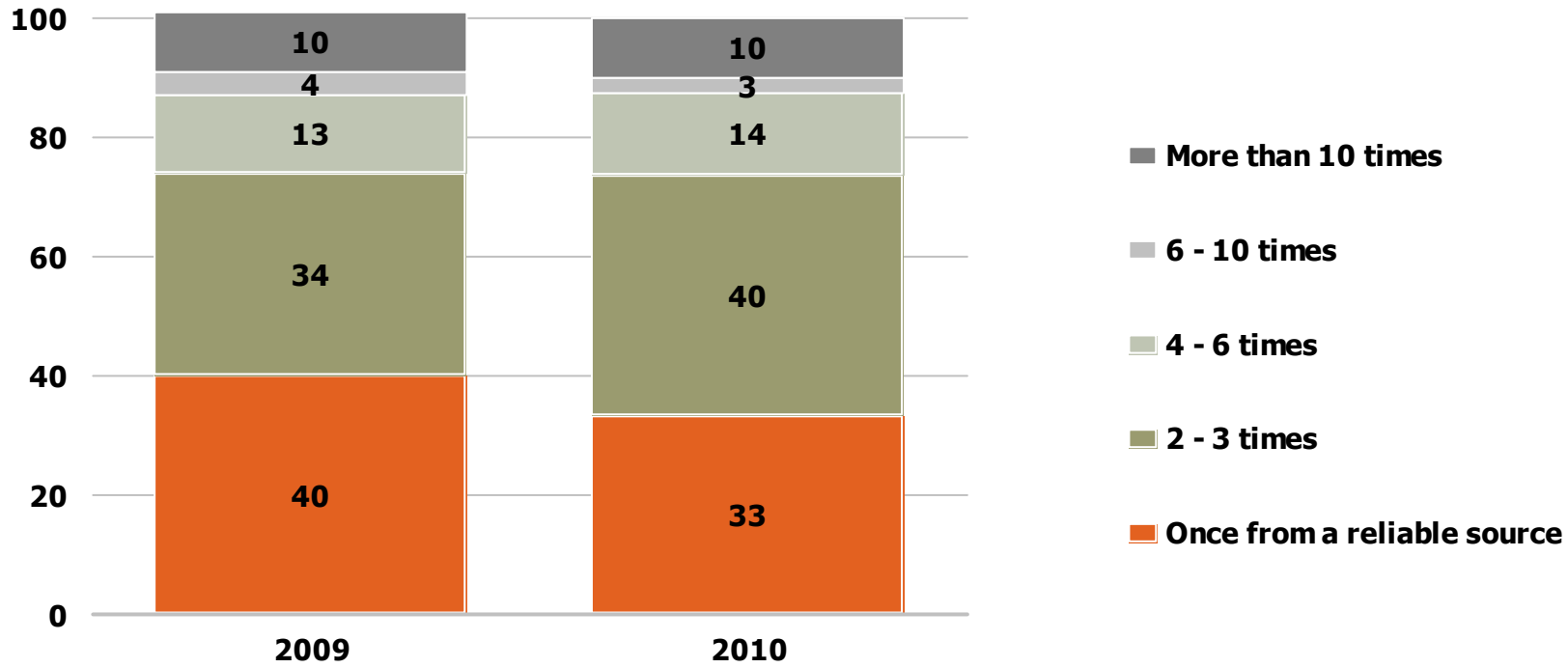
...Whereas the level of trust in Internet news and Internet community has reduced in 2010 and legs far behind the devoted press

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»]



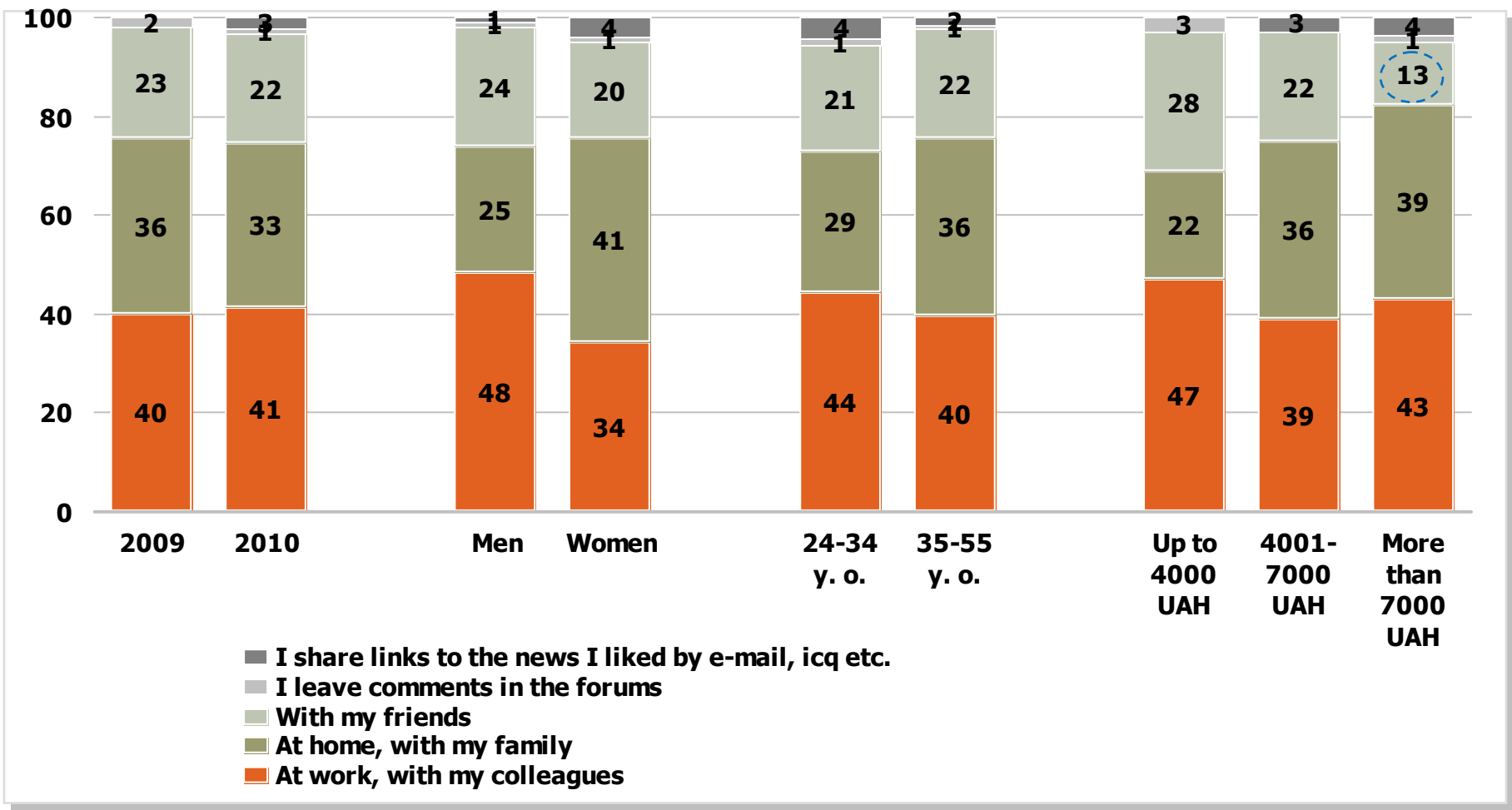
In general, in 2010, prosperous consumers have become more distrustful

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?



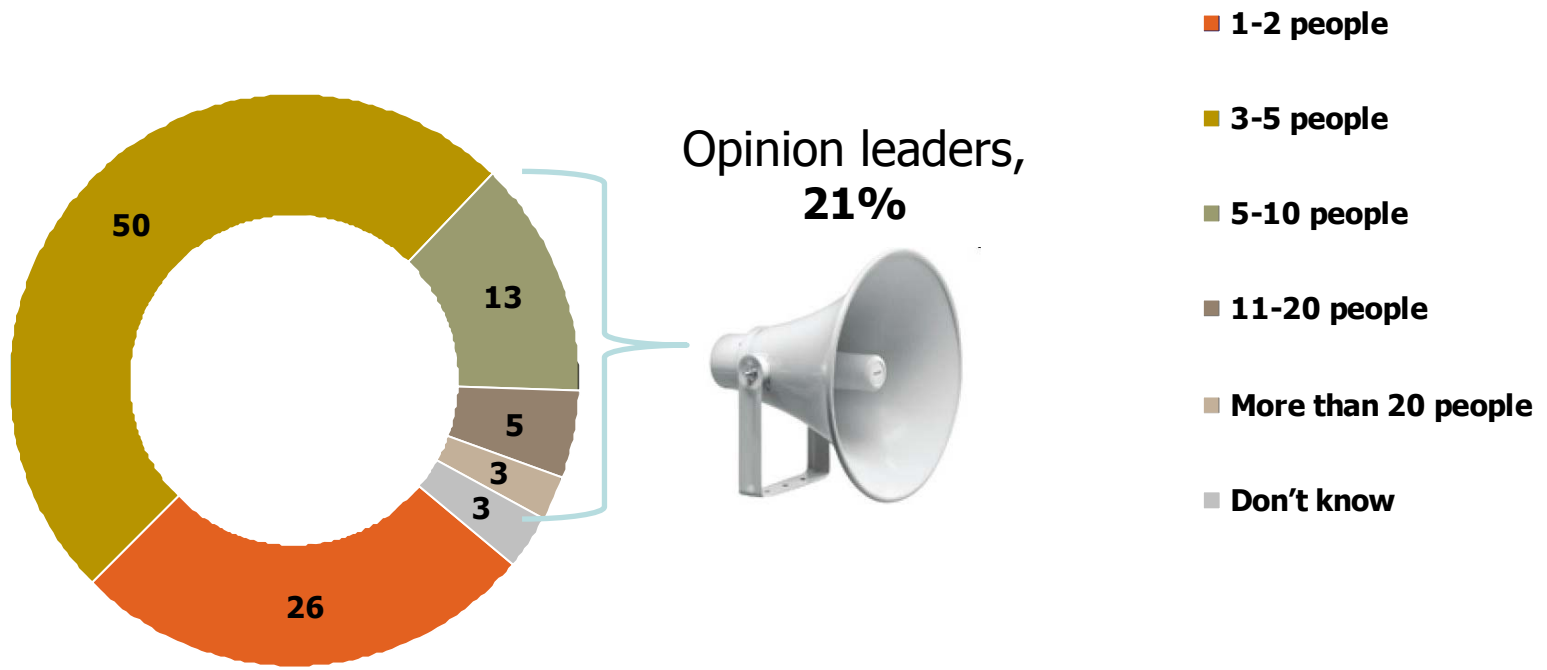
The news is usually discussed at work and with the family, whereas men would rather discuss it at work, while women – with the family

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



The majority discuss the heard news with 3 to 5 people

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



Opinion leaders have a greater response to negative information on the company, than to positive

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

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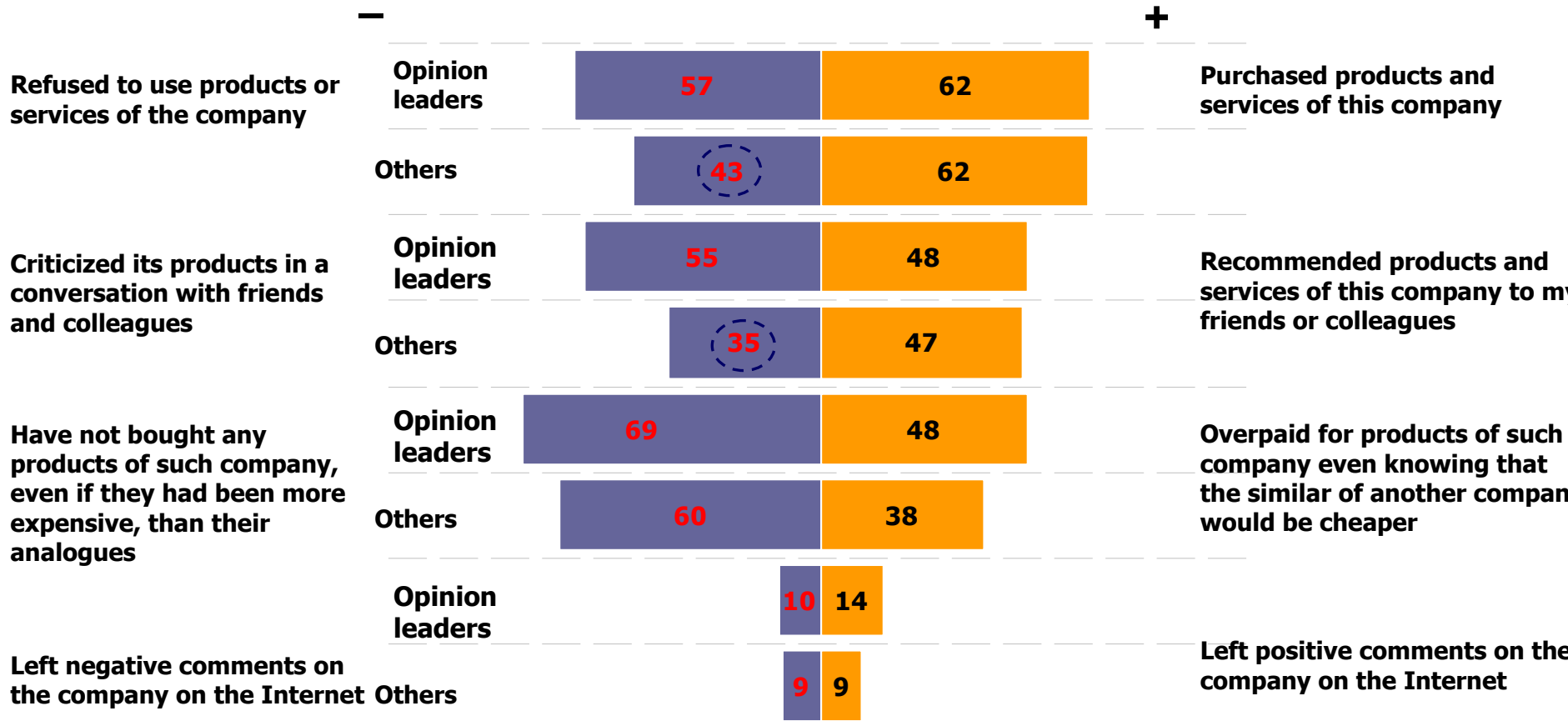
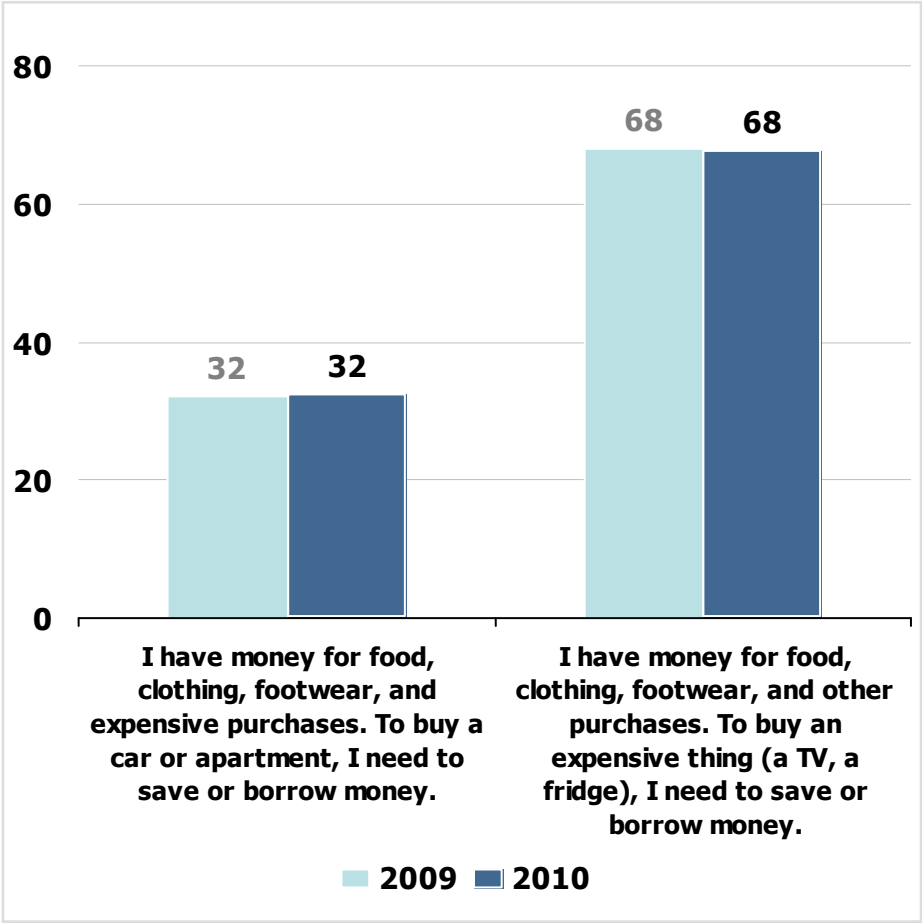


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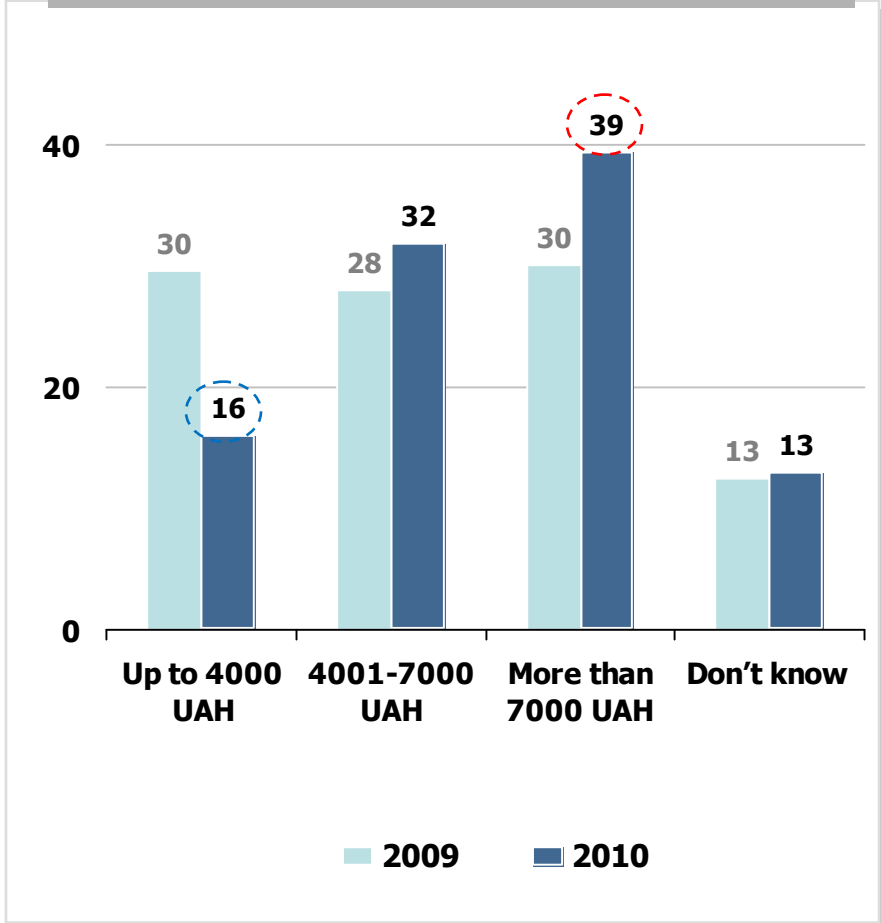
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Income of the respondents: in 2010, the income of prosperous consumers has grown

Subjective evaluation of income

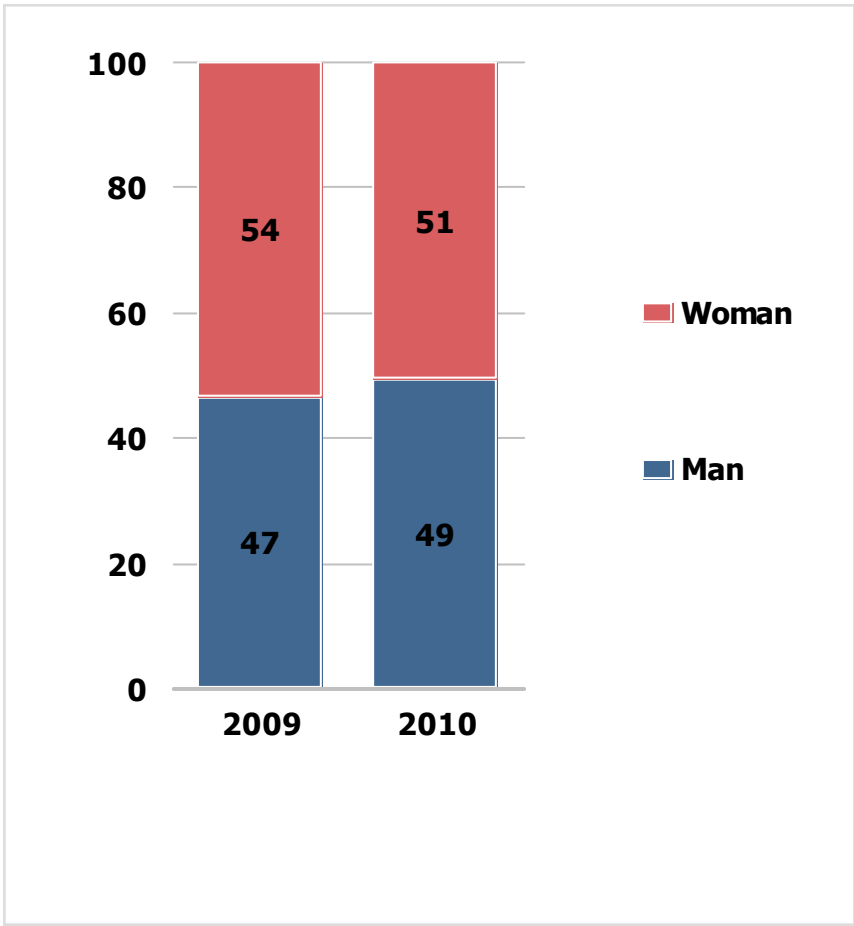


Average monthly family income according to oral information provided by the respondents

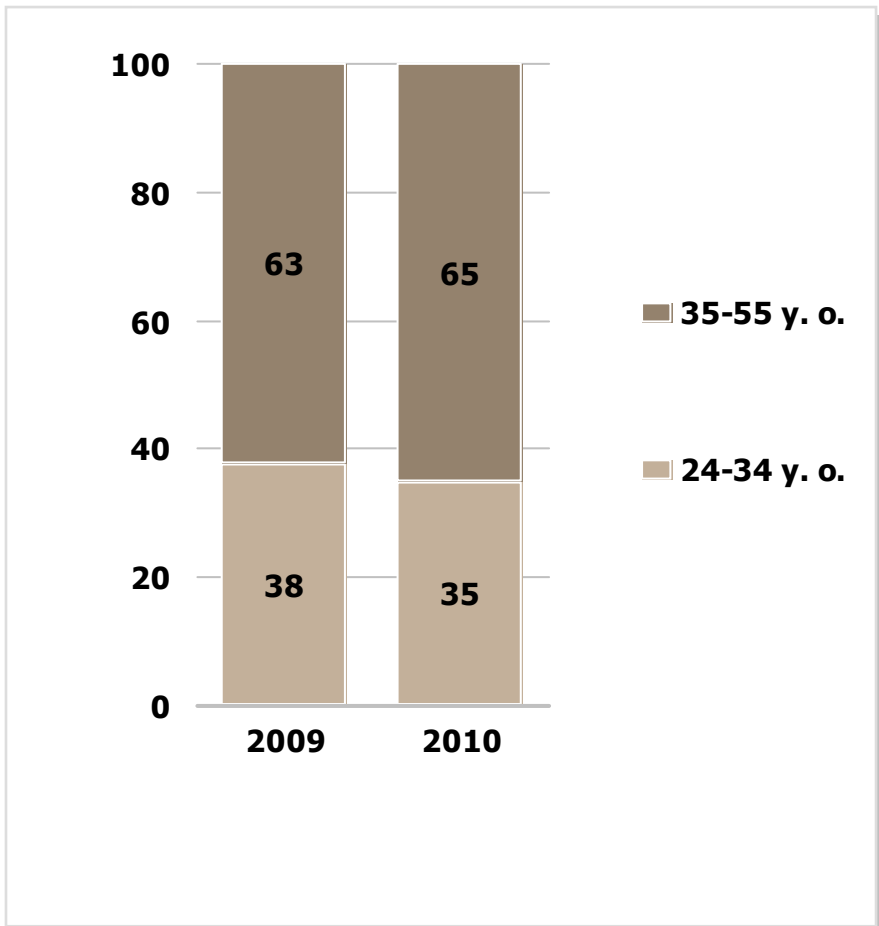


Sex and age

Sex

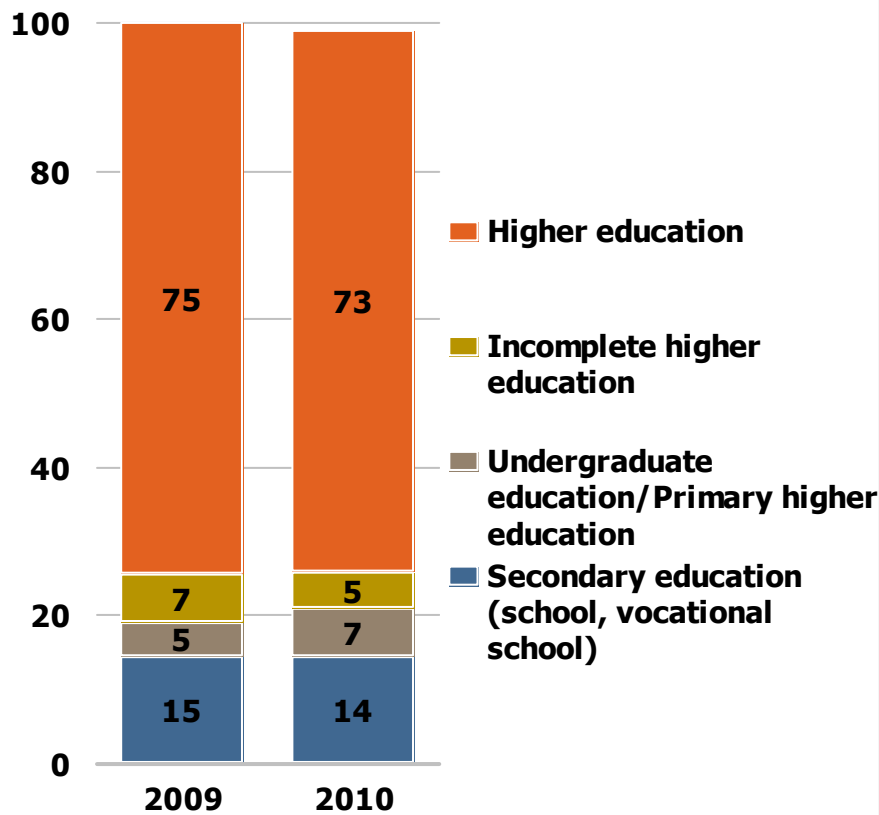


Age

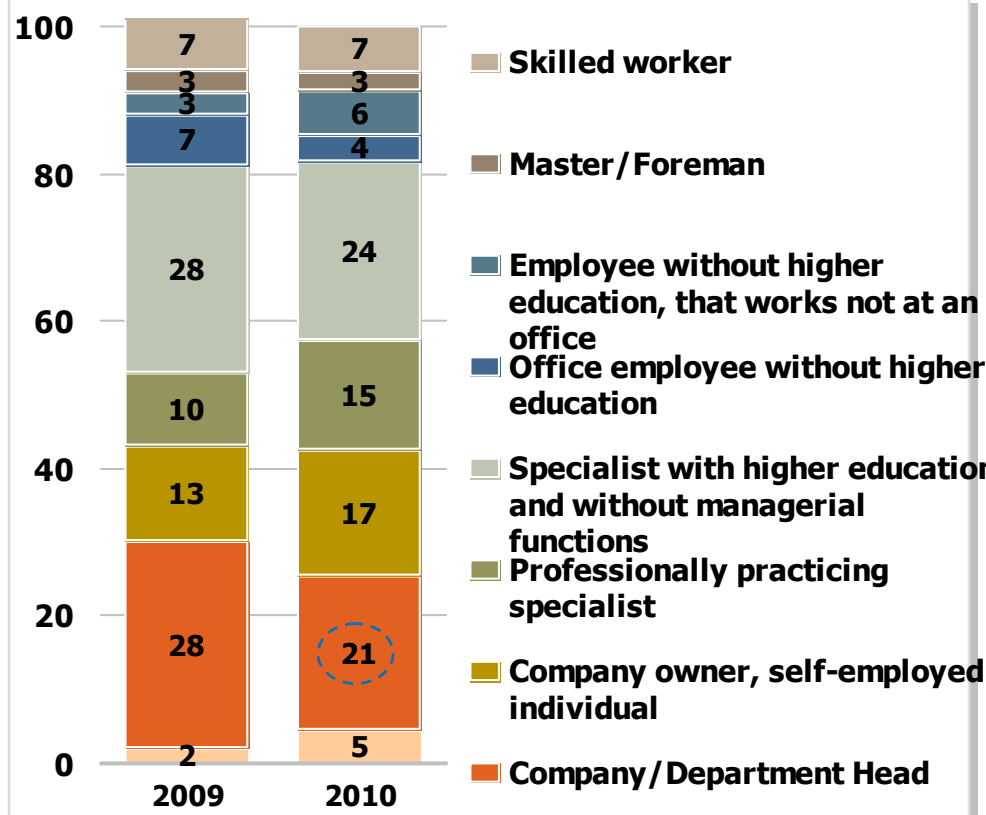


Education and employment status

Education



Employment status



Geography

City

