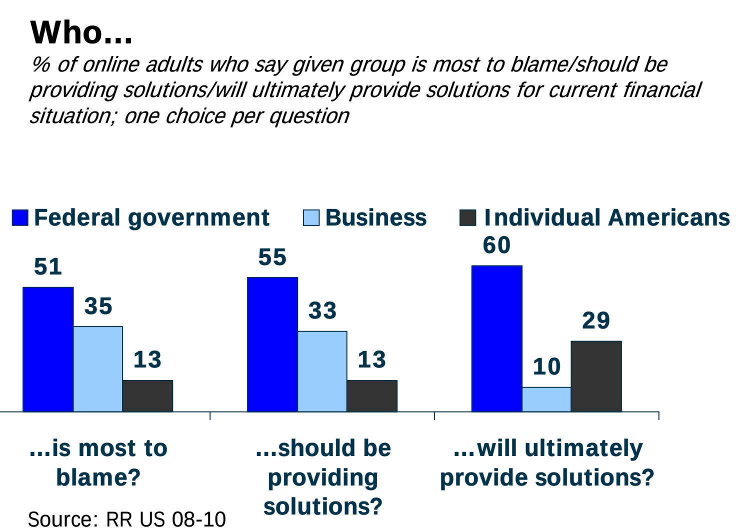
October 9, 2008

Amid Financial Turmoil, Keeping Crisis at Bay

As the Treasury Department weighs expanding its role in quelling the turmoil in financial markets[1], the majority of Americans feel government will, at the end of what could be a long and painful day, be most likely to provide solutions to the problem. In stark contrast, a small minority expect business to lead the way. But a more substantial minority are most looking to individuals, many of whom are already planning or taking action to cope with the crisis' impact on their lives. All of which suggests both **a warning and an opportunity for marketers in the perilous period to come**.

In a GfK Roper Reports® survey, for which fieldwork began Friday just hours after Congress passed a controversial bill intended to shore up Wall Street, 60% of online adults say that government is ultimately most likely to provide solutions to the problem. That figure is twice the comparable share for individuals (29%), which in turn is three times that for business (10%).

Blame for Business Exceeds Expectations It Will Find Solutions



Source: RR US 08-10

That people most expect the government to come up with solutions does not mean they let it off the hook: Majorities assert that the institution should be held both accountable for causing and responsible for solving the problem. Those majorities, though, are smaller than the one who think government will step up to the plate. Likewise, but to an even greater degree, the shares who most blame individuals and feel they should solve the problem (both 13%) are smaller than the share who expect them actually to do so.

But for business, the pattern is reversed. **Fully 35% feel business is most to blame for the situation and 33% think it should be providing solutions – more than three times the proportion who believe it will fill that role.** The findings further reflect business' image problems and the possible shift toward a greater role for regulators we reported more than a year ago[2].

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[1] This morning's *New York Times* reports that the Treasury Department may take ownership stakes in many domestic banks to try to restore confidence in the financial system. The move would resemble one announced Wednesday in Britain.
[2] See *Public Pulse* of August 23, 2007, "Business Loses Touch."

The findings come amid serious concerns about the long-term effects of the financial situation. In an AP-GfK telephone survey conducted late last month, a combined eight in ten said they worry a lot or somewhat that the situation will have "a major negative impact," with substantial numbers also worried it would reduce the value of their homes, require them to work longer because their savings' value would decline, make it more difficult for their children or grandchildren to afford college, or even put their jobs at risk.

Little wonder that the current **Roper Reports findings suggest a period of retrenchment ahead.** A 56% majority in one way or another are taking matters into their own hands, with the bulk either putting off purchases big and small until the situation settles down (41%) or holding off on big purchases like a car or home (18%), a tactic that may reflect both skittishness and the credit crunch. With most economists saying the downturn will get worse, **just 14% say now is a good time to buy the things they want and need – among the lowest figures Roper has recorded in 35 years.**

Marketing Tip:

The day of the good deal may be at hand, especially on the upper end.

Consumers Cope

% of online adults who say they are planning or doing listed activity, given financial events of last few weeks, including failure of several large financial companies and resulting stock market volatility

Source: RR US 08-10

Nevertheless, the market may have some give, as some consumers seem intent on remaining active. While one in ten plan to withdraw their investments, one in ten intend merely to shift theirs, the latter tactic opening opportunities for financial companies that understand the nature of the shifts. All such companies should be reassuring their customers, and urging them not to disengage. At the same time, 6% of consumers overall – and 17% of those with a household income of at least $75,000 and 14% of our bellwether group, INFLUENTIAL Americans® – are planning to make a big purchase because they think they can get a bargain. The numbers are not overwhelming, but they may at least herald the day of the good deal.

Meanwhile, the findings suggest a real opportunity for businesses to burnish their image. Call it the soft bigotry of low expectations, if you must, but at a time when so few people think businesses will clean up the financial mess, companies that try to advance workable ideas along those lines – much in the manner we recommend in our 2008 Annual, *Leadership Now* – may win friends and influence customers merely by exceeding what is expected of them. Should those ideas in fact prove workable, the companies that proposed them may be seen to have wholly upended expectations – and find themselves credited with helping bring order to a system that as of today is, charitably described, a volatile one.

This analysis is based on a GfK Roper Reports® online survey of Americans 18+ conducted October 3-5, 2008; an AP-GfK telephone survey conducted Sept. 27-30, 2008; and Roper Reports in-person, telephone, and online surveys dating from 1973. For more information, please contact your GfK Roper Consulting representative or go to www.gfkamerica.com. *Public Pulse*® is produced by GfK Roper Consulting for Roper Reports® clients and GfK employees. Permission is required to distribute beyond these groups.

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