

Singaporeans Bunker Down for the Global Financial Crisis

56% expect local economy to perform better than our neighbors

Singapore, November 13, 2008: The global financial crisis has become an omnipresent spectre for the people of Singapore. No one can escape the overwhelming media coverage of the billions of dollars being poured into the world's financial systems by governments desperate to avoid a meltdown of their most fundamental institutions.

What does this all mean for Singaporeans? How do we feel about the crisis and what does it mean to us? What are we doing about it? What do we think will happen?

Universal McCann, a media communications agency, surveyed 400 people aged 20 to 50 years to find out some answers as we move towards the end of 2008. The survey was conducted between October 20 and 25th.

Key results:

- 72% of the Singaporean residents expect the global economy to turn for the worse in the next six months. Only 12% were upbeat in their expectations of the global economy, believing that it will be better, and only 16% believed that it will remain the same.
- Their perspective on the local economy is pretty much correlated with this belief: 67% of the 400 Singaporeans aged 20-50 that were polled are of the belief that the local economy will also turn for the worse in the next 6 months, with only 19% believing that it will remain the same and the rest (14%) believing that it will be better.
- These negative perspectives are in line with people's expectations of the local stock market's performance: 68% believe that the local stock market is yet to hit rock-bottom, turning for the worse in the next six months, with only one in three (32%) believing that it will remain at least the same or grow.
- 71% say that job opportunities are going to be tighter in the next six months, and close to 60% believe prices of household and food items will be a challenge in the next 6 months.
- In the real-estate sector, 69% of people expect a decline in value in the next 6 months as the economic downturn takes its toll in Singapore.

«See Figure 1 for more information»

Rays of Hope

While there is some negativity in the market, there are signs of confidence and hope among Singaporeans: About 64% expect their personal financial situation in the next six months to be the same or even better. Close to 70% are secure in their household financial situation, with opportunities of getting slightly better in the next six months.

In fact, Singaporeans believe that the local economy is better poised than our neighboring countries to weather the economic storm. More than half (56%) of Singaporeans surveyed believe the economy is going to fare better than its neighboring countries.

Against major economies such as the US and the UK, the epicenters of the global economic slowdown, only 21% believe that Singapore is going to perform worse than these economies. Twice this amount – 40% – believe that Singapore is going to fare better than these major economies.

«See Figure 2 for more information»

Prudence and Acting with Forethought

If we were to summarize the themes in the next six months amongst Singaporean consumers and shoppers, it will be that of prudence and well thought-out buying and decision-making.

About 70% of people surveyed will start saving more in the next 6 months as they deal with the global slowdown. Several tactics appear to be in line with the “more-savings” goals of Singaporeans.

- Close to 2/3 (64%) of the respondents said they will be actively looking for discounts and sales promotions that will allow them to save more money whilst doing their day to day shopping. About 56% are also looking at generating savings by cutting down on their electricity and other utilities’ expenses.
- More than half (55%) are going to actively look for ways to earn extra income – whilst cutting down on personal entertainment expenses (54%) in the next 3-6 months. This is particularly true for the 20-29 year old age groups with 60% looking for extra income sources and at the same time, cutting down on entertainment expenses.
- There will also be a lot of shopping around in the marketplace as about 50% are going for less expensive brands. Online research into products and prices will play a key role: about 45% of people are now saying that they will be comparing prices online before actually buying, in order to save more money.

«See Figure 3 for more information»

Overall Impressions

Gaurav Bhasin, Singapore CEO of Universal McCann, says, “It is inevitable for Singaporeans’ expectations of the future to be tainted with uncertainty given the reports on the failures in key financial institutions in the US and in other parts of the world. It is also inevitable for Singaporeans to respond to this with prudence and with caution – as even the world’s best minds are not sure what’s going to happen next.

“However, what needs to be borne in mind is the Singaporean’s innate confidence and belief that ‘we will see this through’. The effect of SARS (in 2003) and the tech bubble crisis in the late 1990s are still fresh in the minds of the Singaporeans – and whilst parallelisms may have been made by Singaporeans on those past events’ negative effects on the economy and the current economic conditions, there is this innate confidence that “things had gotten better anyhow”. This is the kind of experiences that Singaporeans are drawing on in dealing with the current economic conditions.

“Brand marketers and retailers are most likely going to feel the squeeze – specially this coming year-end and Chinese New Year shopping season. However, we believe that this will be a temporary setback. Nevertheless, brands and retailers ought to consider the perceptions of the consumers. It is said that it is in the worst of times that you get to find out who your good friends are. For brands, this is that time: to prove that they are going to stand by Singaporeans as they weather through the storm.”

FIGURES

Figure 1
Source: UM|Consulting Consumer Sentiment and Demand Index Q4-2008

The Expectations of Singaporeans in the Next Six Months

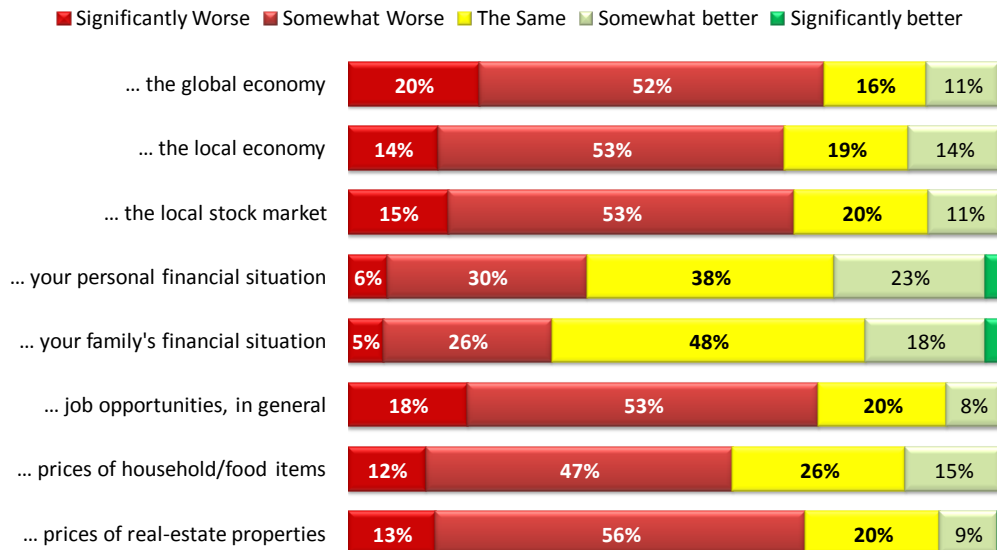


Figure 2

Source: UM|Consulting Consumer Sentiment and Demand Index Q4-2008

In the next six months, how do you think Singapore is positioned...

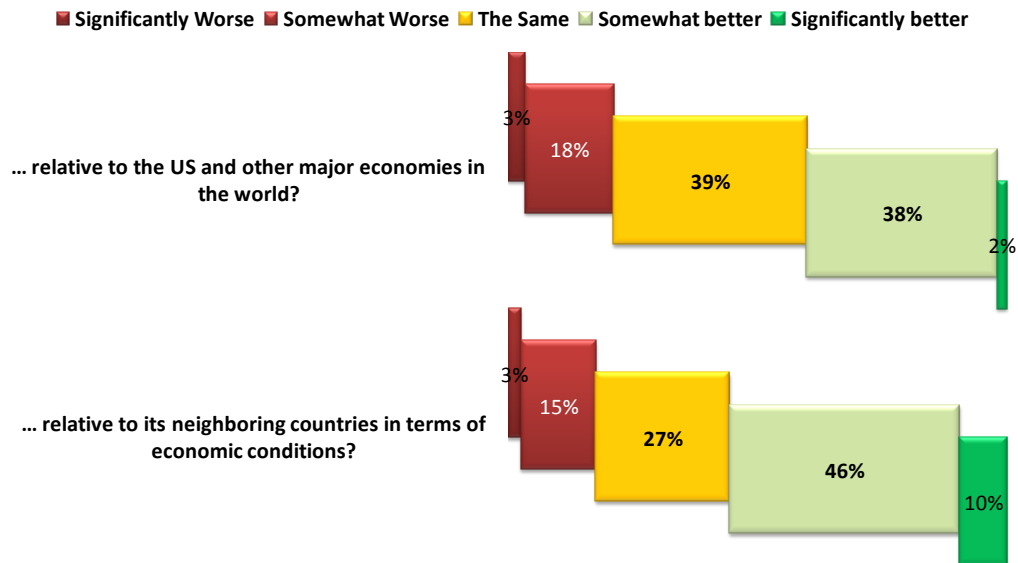


Figure 3

Source: UM|Consulting Consumer Sentiment and Demand Index Q4-2008

Prudence, forethought, and savings in the next 6 month will be the core themes



About Universal McCann

Universal McCann's focus is on developing unique and innovative business solutions that produce sustainable communications advantages for our clients in the areas of traditional and non-traditional media planning and buying, communications architecture, digital technologies, research and modeling. Universal McCann is one of the world's largest media communications networks and a primary element of Mediabrands, part of the Interpublic Group of Companies.

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