BEYOND SARS

Consumers in times of crisis and the impact on Greater China

Wander Meijer

SARS laid siege to the Greater China region (mainland China, Hong Kong and Taiwan) from late March to June 2003. When the spread of the disease accelerated at the end of March, both the public and governments alike appeared panic-stricken. A major crisis seemed imminent, but within months, SARS was brought under control. Based on extensive research, TNS concluded in June 2003 that while SARS had obviously had an impact on consumers, it would not fundamentally change their behaviour, but merely reinforce existing trends. Soon after, SARS abated and economic confidence returned. TNS conducted further research in January 2004, at a time when incidental cases of SARS were being reported again and the re-emergence of another contagious disease, Bird Flu, affected the region.

This paper is based on three telephone studies (Hong Kong in April 2003; mainland China, Hong Kong and Taiwan in June 2003; mainland China, Hong Kong and Taiwan in January 2004), qualitative research in June 2003 and data from the TNS Worldpanel in Greater China.
INTRODUCTION – A THREAT LOOMING

In February 2003, the media began reporting a rapidly spreading atypical pneumonia. Identified as severe acute respiratory syndrome or SARS, this highly contagious disease made international news every day. An estimated 8,098 cases were reported around the world – with a total of 774 deaths attributed to the syndrome.¹ The Greater China region² accounted for 92% of all SARS cases and 89% of all fatalities.

The SARS outbreak caused widespread alarm as it began to strike healthy adults with no history of respiratory illness and the cause of transmission remained uncertain and, adding fuel to the fire, subject to a huge amount of speculation.

In addition to well-documented face-to-face exposure to droplets released when an infected person coughs or sneezes, epidemiologists considered whether SARS could be transmitted by some other non person-to-person environmental means.

Even in January 2004, exact causes remain unknown. In China civet cats were identified as possible culprits, resulting in the culling of thousands of the hapless animals when SARS threatened to re-appear in early 2004.

Aside from the human cost of SARS, the economic costs were severe as well. At the time a total economic loss of US$10.6 billion was estimated.³ Growth forecasts for Hong Kong and Taiwan were cut by nearly 1%,⁴ and fears mounted in China of foreign direct investment slowing.⁵ The tourism and hospitality industries were hardest hit, and due to shoppers staying at home and visitor numbers dwindling, retail sales in Hong Kong in April declined 15% in value from a year earlier.⁶

Then, as quickly as SARS arrived, it disappeared, taking with it the gloom that had descended over Greater China. Financial markets throughout the region have rebounded. China has demonstrated an amazing resilience on manufacturing for exports,⁷ the country has rebounded beyond expectations and seems to be an unstoppable economic juggernaut. In Hong Kong and Taiwan, economic optimism, as measured by TNS in January 2004, is the highest for many years.

Among the public there are lingering concerns over whether the virus will reappear, and speculation remains among the medical fraternity that the virus may become periodically dormant, only to return with greater vigour at different times of year. The general public is not as worried about SARS as occurred in 2003, and believe that their respective governments are in a much better position to keep the disease under control.
But no sooner does one threat diminish than another raises its head – this time Avian influenza A (H5N1), more commonly known as Bird Flu. So what impact will this have on the long-term behaviour of Chinese consumers?

The answer is very little. We have to accept that infectious diseases remain as much a part of the modern world as they were in medieval times. But we also have to become aware that just as we have done in the past, mankind will overcome such obstacles and will learn to live with them. During times of apparent crisis, fear and uncertainty, fuelled by increasingly sensational media coverage, may make the situation appear much worse than it actually is.

That is not to understate the impact of fatal diseases such as SARS or Bird Flu, but ultimately, for most people life goes on and they do not fundamentally change their behaviour. We may at times think the apocalypse is upon us, but once that threat is removed or at least understood, we move swiftly on and get back to what we do best in Greater China: driving a dynamic economy.

**THE ONSET OF SARS – MARCH 2003**

Initial rumours of a deadly disease appeared in mainland China, however, without official substantiation, there was little impact and little action.

The situation became more serious in March of 2003, when news of more cases in Guangzhou, southern China, filtered through and became headline news in Hong Kong. The Hong Kong government responded in a fashion familiar to governments and corporations alike when crises occur: play down the seriousness of the situation and emphasise that things are under control. The same approach has been demonstrated recently with the Prime Minister of Thailand, Thaksin Shinawatra, responding to an outbreak of bird flu by publicly enjoying a chicken dinner in Bangkok’s night market. If the Prime Minister feels safe eating chicken …

Government assurances notwithstanding, SARS escalated dramatically throughout April 2003, as Hong Kong reported a rapid increase in the number of cases. The situation was worsened by the false rumour that supermarkets in Hong Kong would close, causing panic buying and an immediate – albeit temporary – shortage of many foodstuffs.

In a matter of days, Hong Kong became a city under siege. Restaurants were empty, bars deserted, and the majority of the people hid their faces behind protective masks. Seemingly slow to comprehend the seriousness of the situation, the government finally responded with double force, arguably in a greater panic than the general public.

So how did the people of Hong Kong cope with SARS once it became a part of everyday life?
COPING WITH SARS – THE IMMEDIATE REACTION

TNS made its first assessment of the impact of SARS in Hong Kong in April 2003, and then repeated that measurement in June 2003 in China, Hong Kong and Taiwan. Further research was conducted in January 2004 to assess the longer-term changes in behaviour.

The most visible sign of SARS prevention was the wearing of facemasks. In April 2003, as many as 86% of the Hong Kong population were wearing a face mask: in the street, on public transport, at work – anywhere where close contact with other human beings was possible. For many this was not enough: solo car drivers were seen wearing masks; even hikers on Hong Kong’s remote trails were covered up. At times, the city seemed to be in the grip of an almost irrational reaction towards an invisible enemy. But with up to one hundred new cases every day and a growing number of fatalities, the threat was very real and more than just a statistic.

People became more hygiene-conscious, washing their hands as often as possible. They tried to make their working environment healthier by increasing ventilation and using less air conditioning. Many also attempted the most difficult task of all, really changing their lifestyle to improve their immune system by getting adequate rest and sleep, maintaining a proper diet and exercising more regularly (see figure 1). The people of Hong Kong took numerous precautionary measures against SARS in April 2003 and June 2003.

PREVENTATIVE MEASURES – SIX MONTHS ON

With the threat of the deadly disease having diminished, it is natural that many precautionary measures have lessened. However, many activities taken to fend off SARS – and improve overall well being – remain in place in January 2004.

With SARS declining and finally disappearing, the more obvious and immediate preventative measures such as wearing facemasks and avoiding crowded places have decreased significantly. Some other precautions whose frequency increased during SARS, such as washing hands more frequently, keeping good personal hygiene and improved ventilation, continue to be observed at higher levels than in the past, doubtless encouraged by government initiatives designed to keep these issues at the forefront of people’s minds in the fight to prevent further outbreaks of SARS and other diseases. Interestingly enough, many people in Hong Kong have developed the habit of wearing a face mask when having a cold, a practice the Japanese have undertaken for many years.
Drinking plenty of water has also become part of the modern lifestyle: more people appear to have become aware that drinking water is an essential part of a proper diet, and not just something to do when thirsty.

Beverages perceived as containing either therapeutic or immunity-building properties have received a boost as well. The intake of tea and juices increased during the SARS period, while consumption of carbonated soft drinks declined.

However there is of course a tendency to revert to type, particularly in China and Taiwan. While the number of people drinking more water, taking adequate rest, maintaining a proper diet, taking regular exercise and reducing stress increased during SARS, it has fallen again in the period from June 2003 to January 2004.

In Hong Kong, however, these same habits appear to have become more a part of daily life, while the incidence of some has actually increased slightly in January 2004. This is indicative of a general improvement in lifestyle and well
being and is part of a trend that existed long before SARS, and which follows lifestyle patterns in many other western markets. They may be considered as ‘trends beyond SARS’; trends that have been observed before SARS existed but which have been accelerated or accentuated by SARS.

Although in Hong Kong the percentage of people who want to avoid or reduce smoking has increased, this may be due as much to new government anti-smoking campaigns than anything else.

Table 1
**PRECAUTIONARY MEASURES IN GREATER CHINA, JUNE 2003 AND JANUARY 2004**

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Hong Kong</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wash hands more frequently</strong></td>
<td>94%</td>
<td>74%</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Wear face mask</strong></td>
<td>49%</td>
<td>15%</td>
<td>88%</td>
</tr>
<tr>
<td><strong>Maintain good personal hygiene</strong></td>
<td>91%</td>
<td>73%</td>
<td>78%</td>
</tr>
<tr>
<td><strong>Maintain good ventilation</strong></td>
<td>93%</td>
<td>78%</td>
<td>73%</td>
</tr>
<tr>
<td><strong>Avoid visiting crowded places</strong></td>
<td>83%</td>
<td>50%</td>
<td>72%</td>
</tr>
<tr>
<td><strong>Drink plenty of water</strong></td>
<td>83%</td>
<td>58%</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Having adequate rest/sleep</strong></td>
<td>74%</td>
<td>59%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>Taking a proper diet</strong></td>
<td>66%</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td><strong>Having regular exercise</strong></td>
<td>64%</td>
<td>41%</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Reducing stress</strong></td>
<td>50%</td>
<td>36%</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Reduce/avoid smoking</strong></td>
<td>34%</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

During the SARS period, a wave of ‘SARS prevention’ products suddenly appeared on the market. For a few months in Taiwan, it seemed that every product (whether health related or not) and even every service (spas, restaurants) pitched its capability in preventing SARS.
ADAPTING TO SARS

Personal well-being

During the SARS period, many people chose to fortify their immune systems, with up to a quarter of the people interviewed in China, Hong Kong and Taiwan having increased their intake of vitamins and herbal soups. With the consumption of vitamins something that has been observed for many years in western markets, it is likely that this is again following a global trend rather than purely a reaction to SARS.

There was also an increase in the consumption of traditional Chinese medicines while that of western medicines dropped. This trend was prevalent in all three markets, with Taiwan seeing the biggest drop in the consumption of western medicines. Many Chinese clearly believe that their indigenous medicines were more appropriate in the fight against SARS than ‘modern’ western medicines; a feeling perhaps that traditional Chinese medicine is more appropriate for overall well being than more ‘specific’ western medicines.

While visits to the gym initially decreased over the SARS period – with the perception of these being ‘crowded places’ or likely places for infection – they have recovered in the post-SARS period. Participation in indoor and outdoor sports surged in June 2003, and while that surge has been tempered there is still an increase in activity levels in January 2004. Again this can be considered a common phenomenon, and something which can also be seen in markets around the world which were unaffected by SARS. (See figure 2.)

Work and home

SARS did not dampen the working spirit among the Chinese and although it may have brought about some temporary changes in employment patterns, an economic recovery has soon seen working habits return to normal.

During SARS the number of people staying late at work declined slightly, however, by January 2004 more people reported working late in comparison to June 2003: +16% in China, +11% in Hong Kong and + 9% in Taiwan. This increase in work activity also coincides with increased economic confidence as the new year sees people arguably working harder than at any time in the last twelve months.

China, Hong Kong and Taiwan all saw a slight increase in the number of people working from home during SARS, which has since diminished in China and Taiwan. Hong Kong has maintained the SARS-period level, however, in a regional centre with excellent communications infrastructure this is to be expected and is again following trends displayed in many western markets.
SARS of course brought mixed fortunes for different segments of the market, none more clearly demonstrated than in the contrasting fortunes for those involved in various forms of in-home entertainment. Time spent at home with families generally increased during SARS as people worked less and avoided public places.

However guests were not welcome at home, and the number of people entertaining friends at home declined considerably: -40% in China, -27% in Hong Kong and -23% in Taiwan.

The SARS period was arguably a good time for the television companies and the advertisers, as the number of people staying in watching television soared: +44% in China, +26% in Hong Kong and +25% in Taiwan.

Such was the temporary nature of the SARS outbreak and its immediate impact on behavioural patterns that by January 2004, these patterns of behaviour had largely returned to normal. Although time spent with families was still reported to be higher than usual, this can be attributed to the research period – close to the dual celebrations of Christmas and the all-important Lunar New Year.

**Drinking and dining**

Out-of-home entertainment suffered very badly in the SARS period in all three markets, with an enormous decline in eating out, both in fast food and full
service restaurants. Other out-of-home activities such as visiting pubs or karaoke bars and cinema viewing also decreased substantially, and intentions in June for the following three months showed little sign of recovery.

In Hong Kong, this decrease led to several well-known establishments going out of business and many restaurant chains cutting back on the number of outlets.

However the recovery seen in this sector by January 2004 can be described as very spectacular indeed, for all categories measured, and in all three markets.

In June 2003, the net effect of those going to a fast-food restaurant in China stood at -38%, while in January 2004, the effect was +29%. Hong Kong saw similar figures: from -25% in June 2003 to +12% in January 2004. Taiwan went up from -43% in June to +12% in January.

As figure 3 shows, the increase of patronage in full service restaurants was even higher, with an increase of more than 20% compared to the pre-SARS period in all three markets. While less spectacular, visits to (karaoke) bars followed suit.

**Figure 3**

**DINING AND DRINKING TRENDS IN GREATER CHINA**
Shopping

Retail establishments all suffered in the SARS period, but to differing degrees. A tendency to stock up on the essentials saw fewer shopping trips, particularly in China and Taiwan, while quick visits to convenience stores largely safeguarded them from major decreases.

Not surprisingly shopping for non-essentials dipped: with the exception of visits to supermarkets in Hong Kong, there was a drop in visits to all shopping formats. The hardest hit were shopping malls and department stores, with the most severe negative figures in Taiwan (-44%), but also in China (-38%) and Hong Kong (-30%).

Pleasure/window shopping saw the biggest decline during SARS but also saw the biggest post-SARS recovery, going from an average of -35% to +35%. Whilst this may seem a remarkable turnaround it is less astonishing considering the shopping behaviour among Chinese for whom shopping is an essential activity which even the most severe of circumstances can only deter for a short period.

While in China supermarket shopping went down 21% and in Taiwan by 34%, in Hong Kong there was a net increase in visits to supermarkets of 14%, and in June this was expected to rise further by 9%. In January the growth was even more spectacular; from +22% in Hong Kong, to +34% in Taiwan to a staggering +39% in China.

Again TNS believe this is part of a wider shift in shopping patterns – a belief substantiated by the findings of TNS Worldpanel. The growing market share of the supermarkets is mostly at the expense of the wet market, and SARS, with its pressure on hygienic standards, accelerated this trend. Consumers are moving away from informal markets with relaxed hygiene standards to modern, clean supermarkets which provide one stop shopping and convenience. And while SARS may have contributed to this trend in some way, it is likely that it will be further accelerated by any Bird Flu outbreak which again draws attention to hygiene standards, particularly in the sale of live poultry.

While convenience stores such as 7-Eleven did suffer to some extent during SARS in China (-15%) and Hong Kong (-5%), in Taiwan customer visits actually kept growing throughout that time. Convenience stores have captured an increasing market share in recent years and this trend continued after SARS, with good growth in Hong Kong (+8%) and very good growth in China (+21%) and Taiwan (+22%).

Whilst concerns about crowded places might have been expected to fuel an increase in online shopping, this did not materialise either in the SARS period.
or afterwards. With the exceptions of perhaps music and software, online shopping has not taken off amongst the shopaholic Chinese and TNS does not expect this to change in the near future. Similarly, home delivery did not increase during or after SARS.

**Travel**

SARS brought the Asian travel industry to a virtual standstill, with Hong Kong’s Chek Lap Kok – one of the key regional hubs – becoming a ghost town, with 80% fewer travellers. At the height of the SARS crisis, Hong Kong’s flag carrier Cathay Pacific was haemorrhaging money at a rate of up to US$2 million per day.

While Hong Kong may have appeared to bear the brunt of the adverse situation, all three markets in Greater China were affected, with overseas travel for both personal and business purposes declining dramatically.

**Figure 4**

**OUTBOUND TRAVEL IN GREATER CHINA**

TNS expected the travel industry to recover from a situation such as SARS relatively quickly and people’s travel plans as reported in January 2004 certainly illustrate that.
Expectations for containment

At the height of the outbreak, people in Hong Kong did not expect SARS to disappear quickly. However as the daily rate of infections slowed, people’s confidence, or expectations at least, improved somewhat.

In April 2003, 28% expected SARS to be contained within one month and 29% expected it to be contained within three months. By June 2003, increased optimism had increased these figures to 33% and 34% respectively.

And while in April 21% thought that SARS would be with us for more than six months, this figure had dropped to 16% by June.

Figure 5
SARS Containment – Hong Kong’s Expectations
(Measured in 2003)

In reality, SARS had effectively disappeared as early as July, exceeding most people’s expectations.

But what of the future? Do people expect SARS to return and what will their reaction be if it does?

In January 2004, the mainland Chinese were the most optimistic; more than half did not expect a recurrence of the SARS outbreak. In Hong Kong and Taiwan however, people were more cautious, with around one-fifth of the population expecting no further SARS cases.

The majority of the people find it likely that SARS will come back, albeit on a much smaller scale than in 2003. The general attitude is that if SARS were to come back, both the general public and the governments have learned from the
first outbreak, which took everyone by surprise and caught the authorities off guard.

Just a small percentage in each market believe that SARS could yet come back at an even larger scale than in 2003.

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**Figure 6**

**POSSIBILITY OF NEW SARS OUTBREAK (MEASURED IN 2004)**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>China</th>
<th>Hong Kong</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will not happen</td>
<td>52%</td>
<td>25%</td>
<td>9%</td>
</tr>
<tr>
<td>Could happen, but much smaller than in 2003</td>
<td>1%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Could happen, with the same scale as in 2003</td>
<td>4%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Could happen, and even much bigger than 2003</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Don't know</td>
<td>5%</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>

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In 2003, fear of the unknown sparked an atmosphere of uncertainty and many of those who could even left Hong Kong for safer places for a while. If SARS were to strike again, it is much less likely that the population would be gripped by such alarm the second time around.

Again the mainland Chinese are the most defiant, with 45% saying they would not be at all afraid should there be another outbreak of SARS, followed by 29% of Hong Kong people and 20% of the Taiwanese. Around half of the population of Greater China would be afraid to some extent, but not as much as in 2003, while a small percentage would be more afraid than in 2003. (See figure 7.)
**January 2004 – Another Outbreak: Bird Flu**

SARS may or may not disappear, but there is already another infectious disease causing havoc in Asia Pacific: Avian Influenza A (H5N1), or Bird Flu, which previously surfaced in 1997, and has already seen an enormous amount of poultry being culled in countries such as Vietnam, Japan and China in 2004.

The population of Greater China perceives this as a greater concern, especially the people of Taiwan, where SARS containment activity in 2003 was perhaps the most drastic, ranging from confinement of hospital workers in their wards at the height of the SARS epidemic, to refusing entry to Hong Kong travellers long after SARS had been subdued.

And the recent outbreak of bird flu cast a shadow over the Chinese New Year celebrations. Despite the fact that chicken traditionally represents one of the main dishes on the New Year menu, many people said that they would eat less or no chicken at all at their Chinese New Year dinners; 38% in Hong Kong, 40% in mainland China and 63% in Taiwan. (See figure 8.)
SARS had little impact on the China public’s confidence in the country’s economy. In June 2003, 77% of the public were confident in the country’s economy for the next twelve months. Although the confidence in personal financial well being was slightly lower at 63%, the overall trend is very positive especially among the younger (15 - 29 years) and more affluent people (monthly household income RMB 8,000+).

In January 2004, economic confidence in China is even higher, with the country basking in the glow of economic optimism. Consumers in the three major urban centres of Beijing, Shanghai and Guangzhou are very confident in the economy of their country (88% net confidence), and also in their own personal financial circumstances (75% net confidence). (See figure 9.)

In itself, this is not surprising, as China’s economy has been growing for more than a decade and the feeling of affluence is prevalent in the major cities.
Perhaps more surprising is the strong recovery shown by Hong Kong and Taiwan. In June 2003, fewer Hong Kong people expressed confidence in the economy for the coming 12 months than those who expressed a lack of confidence. However historically the deficit was narrowing, meaning that at the end of the SARS outbreak the Hong Kong public had become less pessimistic.

However SARS was not the only – and most likely not even the primary – reason that Hong Kong people were rather pessimistic about the future of the economy at that time. Since the Handover in July 1997, TNS has observed a continuous decline in economic confidence for a number of reasons (the Asian financial crisis, plunging real estate prices, increased competition especially from mainland China, uncertainty of future economic direction) and SARS was merely adding to this situation.

Since the end of SARS, economic confidence in Hong Kong has gone steadily up, moving back into the black in late 2003 for the first time since June 2001. Given that most people in Hong Kong own stocks and shares, and keep a close eye on the stock exchange, it is most likely that the rise in economic confidence directly mirrors that of the Hang Seng Index.
Percentages in the graph are the percentage of the people who expressed their confidence minus the people who said they were not confident. Per rating 1,000 persons aged 15 - 64 years and older in a representative sample of Cantonese speaking households have been interviewed, in the months as indicated in the graph above. Figures are presented at 95% confidence level and have a margin of +/- 3.2%.

SARS did have a significant impact on Taiwan consumers’ confidence in the economy, with those who lacked confidence in Taiwan’s economy in June 2003 exceeding those who expressed confidence by 5%. The confidence deficit in personal financial well being was even higher, with the pessimists outnumbering the optimists by 34%. But perhaps the greatest surprise has been the enormous reversal of confidence in Taiwan, which had almost the same high level as that of mainland China (see figure 9).

Political tensions are apparent within Greater China coupled with diseases that sweep through the communities now and then, but it is the economy that drives its people most. And the economy has rebounded beyond expectations since the SARS epidemic.
CONCLUSION

SARS did not appear to have a long-lasting influence on life in Greater China. Chinese consumers showed cautious behaviour for a short while but once they grasped that the epidemic had been less widespread than anticipated, caution quickly gave way to optimism.

The confidence levels in mainland China’s economy and personal financial well-being were astonishingly high in June 2003 and at that time, TNS said that marketers did not need to wait for recovery for there were immediate opportunities to be exploited. Businesses can even expect to do better than last year. Macro indicators corroborate a tremendous forward momentum for the economy.

In January 2004, we can only conclude that this has come true and more than that; the economy of China has grown beyond expectation in 2003 and seems to be unstoppable.

SARS bruised the psyche of consumers and shook the economy, but it did not permanently damage the sentiments of Hong Kong. TNS find that confidence in the economy is recovering and has bottomed out in many sectors.

SARS shook the confidence of Taiwan citizens and a feeling of financial insecurity was palpable across all income levels. In Taiwan, SARS came at a time when the Taiwan economy was barely limping along and it felt like the final nail in the coffin to many people. In the second half of 2003 the combined effect of “beating” SARS and finally beating lacklustre economic results brought renewed confidence for businesses and consumers.

TNS does not expect that SARS has changed the fundamental attitudes and behaviour of the Greater China population. It has however contributed to the further development of several trends.

The SARS studies demonstrate that consumers’ behaviour is not as much affected as it would appear in the middle of crises. Crises come and go but the life of a consumer goes on. These days when the media focuses on Asia they are mostly talking about the growing strength of China and the turnaround of the smaller economies in the region. So while there were many predictions that SARS would deal a crippling blow, in the end it wound up serving as an example of just how resilient the Greater China economies and consumers really are.
STUDY COVERAGE

It is important to note that Beyond SARS covers ‘markets’ rather than ‘countries’. The study covers the Greater China region, i.e. mainland China (Shanghai, Beijing, Guangzhou), Hong Kong and Taiwan (Taipei, Kaohsiung and Taichung). The study was conducted in two waves; the first in June 2003, the second in January 2004. Data was collected by computer aided telephone interviews (CATI), in 2003 from call centers in the three markets and in 2004 from TNS International Call Center in Hong Kong.

The CATI methodology of data collection reflects only respondents from households with a fixed line telephone. In Hong Kong and Taiwan where fixed-line phone penetration is almost complete (98% each in Hong Kong and Taiwan), the study sample can be considered representative of the whole population, and with 75% penetration in urban China, it can be considered representative of the urban population.

In total, 5,500 respondents were interviewed: 2,500 in China (1,500 in 2003, 1,000 in 2004), 1,500 in Hong Kong (1,000 in 2003 and 500 in 2004) and 1,500 in Taiwan (1,000 in 2003, 500 in 2004). Respondents aged 15-64 were randomly selected, representative of the urban population in these markets. Results are presented at 95% confidence levels with a maximum margin of error of +/-3.2%.

FOOTNOTES


2. Greater China consists of three markets: Mainland China, Hong Kong and Taiwan.


8. How – and + have been calculated - Net scores for each of the activities/attributes were calculated by applying positive and negative weights to each of 5 points. Top box and top 2 boxes were given +2 and +1 respectively while bottom and bottom 2 boxes were assigned -2 and -1 respectively. Mid-point of the scale was assigned ‘0’.

9. Worldpanel is TNS’ consumer panel which measure household purchases. TNS has consumer panels in 21 countries worldwide, including China, Hong Kong and Taiwan.

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