Risk-taking is central to modern business, and the source of energy which drives wealth creation. Understanding and predicting risk therefore places market research squarely in the boardroom, instead of tinkering on the sidelines. This paper describes the results of ongoing global studies on attitudes to risk, consumer priorities, global brands and globalisation, and investor/consumer behaviour. Market research needs to be about risk-reduction, risk-taking, and conscience, for the benefit of consumers, corporations and society as a whole, to ensure its significant place in risk management.
INTRODUCTION

Living with risk is a phenomenon of our times, viz. global warming, Chernobyl, AIDS, BSE, and now the consequences of September 11th. This is not to say that the hazards we are exposed to are greater than those our forebears faced through famine, floods, disease, but they are different in kind. The former were largely external risks of nature, attributed to God, punishment or sorcery, whereas in the modern world there is an expectation that rationality would keep risks under control. Nowadays however, we are faced with risks that are of our own doing, through developments in science, technology, economics, modern warfare, media, the Internet, and global marketing, which multiply the risks and make them difficult if not impossible to calculate – even unknown. Modern risks seem all the greater because of increasing expectations of advancement and quality of life in most developed markets and many developing ones.

In this paper we review first the results of global surveys of consumer concerns and attitudes to risk post-September 11th. Key points amongst many others are:

- Near quadrupling of concerns about terrorism, and a remarkable resilience to terrorism in the United States.
- However, fears about recession and crime remain key. What people are looking for post-September 11th are so-called ‘kinnections’.
- Current collapses in major businesses, equity falls, and accounting scandals.
- There is an increase of awareness of global brands – whether American, European or Japanese, which in principle, consumers worldwide welcome
- But there is also some scepticism amongst many countries about globalisation.

All these and other findings discussed on risk have direct practical consequences for use of existing business resources and exploitation of new opportunities. Taking risks pervades all aspects of modern business and consumption. Risk has both positive and negative sides – being responsible for discovery and economic development on the one hand, and disaster and chaos on the other. The recent dot.com ‘madness’ is used as a case study of the appeal of risk and the irrationality of consumer (investor) behaviour.

In living with risk, consumers polarise between those who delight in risk, manifest in excitement, thrill and change, and those who seek to avoid it at all costs seeking security, comfort, and confidence. Between these two are sectors that seek to control risk, ignore, or deny it. This mix is ever-changing, and
applies to corporations as well as to consumers. Risk, even more because of its ‘multiplier’ character, is an inevitable part of modern society.

The idea of risk is a relatively modern idea, originating in the 16th century, and entered the world of business through insurance against maritime risks. In fact the term ‘risk’ appears to have originated from the Portuguese or Spanish to refer to ‘sailing into uncharted waters’. Here again we see the positive and negative sides of risk – the rewards of exploration on the one hand and fears of the unknown on the other.

What then are the roles of market research in the modern context of greater and more unpredictable risks? By putting risk high up on the agenda, market research enters the boardroom. We see three roles:

1. **Market research as risk-reduction for corporations** by supplying data, interpretation, and insights into the probabilities of success or failure of future courses of action.

2. **Market research as risk-taking** in identifying and pointing up future new opportunities in as yet uncharted waters. And,

3. **Market research as conscience**, clarifying for society as a whole the ethical consequences of taking risks even if commercially beneficial, in other words representing the voice of the consumer in the boardroom.

**RISK – A GLOBAL CONSUMER PERSPECTIVE**

What a way to begin a millennium! While the terrorist attacks of September 11th, 2001 occurred on American soil, they were seen and heard around the world. Public worries about terrorism, as measured in 31 countries, rose precipitously from 8% in late 2000 to 28% in late 2001 three months after the attacks.¹)

Fear of terrorism now ranks among the top three personal concerns of people in North America, Western Europe, Eastern Europe and India, and has increased dramatically in Japan and most developing nations as well. The only countries that seem relatively ‘immune’ to the new terrorist threat today are the Asian cultures of China, Hong Kong, Taiwan, Korea, and Thailand, along with South Africa.

In a sense, an entirely new type of risk has emerged in the psyche of global consumers. Terrorism, of course, is not new at all; many countries have endured terrorist threats for many years. But the acts of September 11th were qualitatively different from virtually all other terrorist incidents in recent memory, for they struck spectacularly at the symbolic images of global capitalism (the World Trade Center) and of American military hegemony (the Pentagon). The message was not lost on people around the world.
The newly perceived risk of terrorism has heightened public sensitivity to a number of other possible risks. War is one of them, as subsequent post-9/11 events in Afghanistan, Israel, Palestine, Pakistan, and India have illustrated. Economic downturns are another, even if more tangentially related to terrorist activities.

The future of globalisation – the bringing together of national economies through ‘old ways’ of trade and investment, and ‘new ways’ of information and technology – has also been increasingly questioned as a result. One analyst at the London School of Economics remarked that “September 11th spelled the end of globalization.” Former Mexican President Ernesto Zedillo countered: “We need more globalization, not less.” But how do the people of the world – the ultimate beneficiaries, or perhaps victims, of the globalization trend – really feel about its future, and the rewards or risks it may bring?

**HIERARCHY OF RISK**

Maslow’s hierarchy of needs parallels, fairly closely, consumers’ hierarchy of perceived risks today. Globally, people’s fundamental needs – safety, shelter, food, etc. – are typically at the top of the list of their major worries. Other issues – like the environment or education, pollution or drug abuse – fall into a second tier. Still others fall further down the list.

For most developed economies risks of crime and economic downturns are top priorities: former US President Clinton’s 1992 election campaign theme still captures this emotion – “It’s the economy, stupid.” For emerging markets, the needs – and perceived risks – can be even more primordial, with physical safety issues being more pronounced. But of course, there are huge variations to this generalisation from one country to the next.

The evolution of risk that ‘average’ people feel pursued a fairly predictable course over the past seven years. As worries about “pocketbook issues” linked to the economy generally declined – in most, but by no means all, countries – concerns about other issues such as environmental pollution or educational quality rose. Then, in late 1999, public perceptions of risk to the economy – their local one but, when averaged across 31 countries, effectively meaning the global economy – showed some signs of weakening. By late 2001/early 2002, worries about recession and unemployment topped the list of global consumers’ personal concerns (see figure 1).
Most other ‘second tier’ risks – such as the environment, education, drug abuse – declined accordingly, as economic worries squeezed them out. There has, however, been one exception: Concern about the risk of terrorism that, as mentioned above, nearly quadrupled between 2001 and 2002.

Has there been a new prioritization of public risk because of September 11, 2001? Globally, the answer appears to be yes and no. Yes, because the shock waves of those terrorist attacks have deeply affected the people of the world. No, because economic fundamentals are clearly still uppermost in most peoples’ minds.

**COPING WITH RISK: THE US STORY**

The United States was obviously blindsided by the attacks of 9/11, which ongoing recrimination and *post facto* second-guessing among the media and Washington bureaucrats will do nothing to rectify. The point is that the US ‘homeland’ was successfully attacked for the first time since the War of 1812. (Hawaii was not a US state when Pearl Harbour was bombed during the Second World War.) And the 9/11 attack obviously received comprehensive, worldwide media coverage.

So how have the American people responded to this new (for them), very palpable risk? With remarkable calmness and resilience. Which is exactly how they have responded to other recent “crises”:
Recession? Hasn’t yet happened among American consumers, it’s been a business confidence breakdown instead.

Stock market collapse? It’s not NASDAQ but the housing market that underpins American consumer confidence.


Impeachment? Pass the cigar.

Forget political or economic points of view for a moment. The fact is, in American public opinion, these were (and still are) largely non-issues, agitating the elites (and media) but not really relevant for the rest (see figure 2).

Figure 2
US PERCEPTIONS OF THE FUTURE OF THEIR PERSONAL SITUATION

<table>
<thead>
<tr>
<th></th>
<th>2000 (Oct)</th>
<th>2001 (Apr)</th>
<th>2001 (July)</th>
<th>2001 (Sept. 20th)</th>
<th>2002 Jan. 7-8</th>
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<tr>
<td></td>
<td>73%</td>
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If anything, Americans have remained remarkably calm in the aftermath of some pretty horrific events, and the prospect of significantly increased risks. There has been little evidence of rising intolerance among the domestic US population.

Why this restraint? Three words capture most of it: education, maturity, and “kinnections.”

Americans are not smarter than previous generations, but they are much better educated. Higher levels of education generally do lead to a more sophisticated evaluation of responses to heightened risks. More than a quarter of US adults now have some college education, double the level of the 1970s. And the US still enrolls about twice as many 18-to-24 year-olds in higher education compared to its nearest rivals.

Maturity is about aging and experience and, like most West and East European countries, Japan and China, the US is growing older, too – not nearly as quickly, but heading in the same general direction. As a characteristic, maturity tends to put risks and risk-taking into perspective, and balances the impetuousness of youth, a point we return to later.
“Kinnections” refers to feeling connected to family and a community. In the United States during the late 1990s, this was focused on both the family – wherever it may be – and the community, whether local or electronic. Increasingly, since 9/11, the sense of “kinnection” with the world community has become much more obvious – and much more important – for Americans.

All of these long-term trends have helped Americans weather the recent storms. Short-term, another critical factor has been at work, too: the relatively prosperous state of the US economy.

Ever since the US stock markets topped out in early 2000, there has been much hand-wringing among analysts over whether the American economy was or is in recession. The National Bureau of Economic Research, the official arbiter of US business cycles, proclaimed in the fall of 2001 that a recession had begun earlier that year, even though US Gross Domestic Product has since declined for only one quarter. (The traditional definition of a recession calls for shrinkage in GDP for two consecutive quarters.) But for the vast majority of Americans, these concerns about the economy have thus far been little more than an academic debate. Why?

First, while much has been made of the loss of wealth due to the stock market decline, for average Americans a much more important market is the housing market. Home ownership is at a record level in the United States today, and home prices have been appreciating at a record pace, too. It is estimated that the average American household has four times as much wealth in housing as in equities. Furthermore, no less an authority than Fed Chairman Alan Greenspan recently said he did not see a “bubble” in the US housing market. All of this is very good news for the typical American family.

Second, while record numbers of Americans also have money invested in stocks, most of this equity sits in retirement savings accounts. In other words, the money is being invested for the long-term; hence, these “average investors” are relatively immune to short-term market swings.

Third, the much-publicized “disappearance” of Americans’ personal savings is largely a myth. What has happened is that the top 20% of income earners began to cash out of the stock market in the late 1990s and spend their capital gains. But since capital gains are not officially counted as savings, affluent Americans’ much higher spending actually outpaced their very significant earnings – which sent the overall national savings rate into the red. For the remaining 80% of the population, however, the personal savings rates actually held up rather well. So the “savings debate” is really much more about the prospects for upscale consumers – and the brands that target them – than about the US economy as a whole.
And finally, the average American worker actually did do much better financially in the 1990s than during the previous two decades. A relatively tight labour market, driven by long-term demographic trends, boosted real wages significantly. Combined with very moderate inflation rates, this trend helped increase the purchasing power of the average American consumer throughout the past five years – which was reflected in robust consumer spending over the period.

In fact, when compared to the other 30 countries in our global consumer study, the United States, along with Australia, United Kingdom, Canada, Spain, Saudi Arabia, the Czech Republic and Egypt, stand out as nations where consumers’ optimism about their personal financial situation and the national economy is quite high. While this optimism declined somewhat from 2001 to 2002, nevertheless the economic picture in these markets currently is hardly bleak (see figure 3).

**Figure 3**

**CONSUMER ECONOMIC INDICATOR 2002**

![Figure 3: Consumer Economic Indicator 2002](image)

Of course, the economic prospects for American consumers can still change for the worse, particularly if confidence in business drops sharply due to more scandals and allegations of fraud by major companies. By no means has economic risk been banished from the American consumer psyche. But this perception of risk has been quite tame in recent years, and this in turn has
permitted a more balanced, centred response to the new risks that have emerged since September 11th, 2001.

GLOBALIZATION: RISK OR REWARD?

An issue that was stirring great debate well before 9/11 was the impact of globalization on people’s lives. Over the past few years, widely publicized demonstrations at global economic meetings, such as the WTO, IMF, and Davos, protested the alleged effects of globalization on issues ranging from the environment to workers’ rights to Third World poverty. The message was that globalization creates more risk than reward.

Do the anti-globalization forces represent the views of most people around the world? Has the tide turned against the increased integration of the world economy? Our perspective is definitely not. The protests in Seattle, Milan and elsewhere were media phenomena, not a global consumer phenomenon.

The fact is, consumer experience – whether in Russia or Brazil, Vietnam or France, Egypt or Japan – is increasingly global in nature. In general, awareness, usage and ownership of almost all leading global brands that we measure – whether it be Sony, McDonalds, Nokia, Nike, or others—continues to rise around the world. Perhaps more importantly, the consensus of consumers worldwide is that virtually all of these leading brands are seen as global brands, not American brands or Japanese brands or European ones. Powerful brands succeed in large part because of their global reach and reputation.

Major factors propelling globalization forward are the freer flow of information, ideas, and media. Cable and satellite TV penetration continues to rise dramatically around the world, which rapidly multiplies the media options available to consumers. Familiarity with leading media brands such as Discovery, CNN and MTV is increasing, too. Meanwhile, usage of the Internet is exploding: 32% of people in 31 countries went online during the past 30 days, up from 25% in 2001.

But aren’t these just examples of global businesses ‘forcing’ their products onto consumers, as the protesters might maintain? Far from it. Global consumers welcome these global brands, global media, and the worldwide integration made possible by the Internet.

We asked consumers in 31 countries whether they thought it likely that the “Internet will provide easier access to foreign cultures and products.” A resounding 80% think this is likely to happen in their country in the next five years. More importantly, however, consumers overwhelmingly (71%) say it will be a “good thing” if this indeed happens.
Similarly, we asked people whether they thought there would be “more global brands in our country in the next five years.” As with the globalizing effect of the Internet, 80% think this, too, will happen. And while smaller, a still sizable 60% majority calls the proliferation of global brands a “good thing” as well. Interestingly, there tends to be somewhat more resistance to the spread of global brands in developed economies like France, Spain, Australia, and the US, as well as some developing markets like Thailand, Argentina and the Czech Republic. But consumers in fast-growing markets such as China are especially enthusiastic about having more brand choice (see figure 4).

Figure 4
MORE GLOBAL BRANDS GENERALLY GOOD THING, 
BUT SKEPTICISM EXISTS

Media, technology and brands are the “change agents” of globalization, and their worldwide growth appears largely inexorable. And the majority of global consumers are embracing these developments, not shrinking from them. People seem to see more opportunities as global markets progress. And the reason appears simple: they have more choices – what to buy, what to watch, what to do, where to work, how to live.

Resistance to the advance of global market forces has and will of course occur, hence the scepticism noted in some markets. Arguably, such resistance lies at the core of the current world tensions, which may have been a root cause of September 11th. This, in itself, gives rise to a host of new risks and
possibilities for conflict. Yet the long-term future of globalization seems promisingly clear – not because it is in the interests of successful global businesses, but because it reflects the hopes of aspiring global consumers.

**DOT.COM MANIA**

The psychology of risk-taking is illustrated par excellence in stock trading and in particular by the rise and fall of Internet stocks – the dot.com bubble. Internet stocks went through the roof from 1998 to peak in 2000, then to their rapid decline in 2001 and now (see figure 5). Why should that be?

**Figure 5**

**DOW JONES INTERNET – PRICE INDEX (~£)**

![Dow Jones Internet Price Index](image)

*From 1/1/98 to 26/3/02 Weekly*

Behaviour by Investors and Advisors were clearly at variance with ‘homo-economicus’, and all the normal rules of risk-avoidance or spread of risk. Many individual stocks followed the same ‘bell-shaped’ pattern as above. For example:

- **Yahoo!** was listed on April 12, 1996. By early 2000 Yahoo! was worth more than Walt Disney and News Corporation combined with a stock market valuation of $132 billion and a P/E ratio of no less than 2150.
Amazon.com’s IPO was on May 15, 1997. Its prospectus showed it was losing $9 on every book sold, nonetheless its shares sold spectacularly. Its market capitalisation eventually peaked at around $37 billion in December 1999, despite forecast losses for that year of $720 million.

eToys was floated on May 20, 1999. By the end of the first day its price was up 280% valuing the company at $7.8 billion substantially exceeding Toys Us which had sales almost 400 times higher. At its peak, eToys was valued well over $10 billion despite losing $4 on every order.

Business news reports show that those caught up in the dot.com phenomenon were driven first by compelling, exciting almost childlike emotions, and then by anxiety and shameful regrets, during which declining dot.com stocks were sold inflicting substantial losses upon investors.

One explanation (Taffler and Tuckett, 2002) is that these stocks became like the ‘phantastic objects’ of psychoanalytic Object Relations theory, which argues that our irrational adult mental states, perceptions and beliefs can often be traced to infantile feelings of powerlessness, and not only a ‘herd’ instinct. Given the right circumstances we as adults will experience intense longings to own something desirable and equally feelings of anxiety and guilt once the reality is shown to be flawed. This, Taffler and Tuckett argue is precisely what happened with dot.com stocks.

To start with, ownership of dot.com stocks became irresistible and capable of transforming the individual investor from smallness and impotence to a state of size and power. In turn, followed by acute anxiety and guilt when their actual value became finally clear. Investors behaved in a highly charged emotional way in seeking to obtain them, and then dispose of them. There are five phases typical of ‘phantastic objects’:

1. Emergence into public view – arousal of interest in dot.com stocks as alluring, seductive objects.
2. Rush to possess them – in manic proportions.
3. Denial of reality – turning a blind eye, seeing only the bright side, if there was a problem seeing it elsewhere.
4. Panic on being exposed – very rapid disposal, guilt, seeking to expunge the experience, and blaming others.
5. Experience and maturation – reinstatement of the old order, the ‘Old Economy’, with a sigh of relief.

Arguably this last stage has not really been reached. Investors are still highly reluctant to invest, hence the current weakness of equities, and they continue to look for more scapegoats in business misdemeanours.
Psychologically there is another point here. dot.com stocks seemed to represent a yearning for revolution as we turned the millennium – the ‘New Economy’. The promise of the Internet was personified by young computer ‘kids’ in California overthrowing not just conventional ‘Old Economy’ businesses but the whole way in which business was done. In fact, a new technology revolution or a paradigm shift of what at the time was amazing proportions. We can be forgiven for pursuing the psychoanalytic model thinking of this as an unsuccessful oedipal experience! The repercussions are still being felt.

Was this sort of in-depth psychological market research fed into the Boardroom, the Financial/Investor Manager’s office, or others caught up in the dot.com frenzy? To our knowledge, no. Research subsequently conducted with Financial Journalists and Analysts showed that people’s accounts of what went on did indeed resemble the theory of ‘phantastic objects’. Certainly, the runaway temptation to ‘Buy, Buy, Buy’, the subsequent losses (in many cases extreme), and sense of foolishness and regret was substantiated.

As a consequence, Financial Journalists see themselves even more as ‘guardians’ of the truth (cf. Enron, Worldcom, Andersen). Hence also the emphasis in advertising by major financial institutions to more symbols of care – risk reduction – to represent their businesses (or cut their advertising budgets to avoid public scrutiny!). As the investment guru Warren Buffett remarked – “only when the tide goes out do you get to see who has been swimming with their trunks off”. When the US Securities and Exchange Commission (SEC) watchdog announced it would charge Worldcom with fraud – accounting improprieties of $3.8bn over 15 months – The Independent (27/06/02) added “an army of chancers was skinny dipping in the great sea of the US economy”. With the crisis of confidence (risk) affecting world markets “the climb back is likely to be long and hard”.

Irrational considerations do not just apply to investment behaviour but also to consumer behaviour, as market research regularly shows. Most people over-estimate the improbable and under-estimate the probable. We trade-off, ‘satisfice’ and use short-cut solutions (‘heuristic’ devices) to minimise risk in everyday life – a subject of wider discussion. But let us return to the build-up of macro risk and uncertainty – the millennium.

Billed as the ‘biggest marketing event of the 20th century’, perceptions of risk in in-depth studies in the US and UK revealed sharp segmentations in how consumers were thinking and feeling about the millennium and their expectations of life in the 21st century. At one extreme, consumer sectors looked to the 21st century as the beginning of a new, wondrous era – the ‘Millennium Pathfinders’ (typically Young, ‘Generation X’, and the ‘30 somethings’):
Trust in the future, more spending on technology, preoccupation with self, self-expression, focus on the body and products which excite and delight the senses.

At the other extreme, ‘Millennium Antagonists’ anticipated the advent of disaster, embodying all the contradictions of the modern world (typically older, more withdrawn, and more downmarket):

- Expenditures on the family and home as a safe haven, DIY, preoccupation with health, safety and well-being, return to nature and tradition, escape into spiritualism and way-out ideas.

Underpinning these reactions are what we can best describe as a deep ‘existential consumer anxiety’. Deep layers of consumer anxiety about risk run in waves, with long ascending phases and short descending phases. Rapid rates of change over the last decades have been accelerating the sense of stress which consumers report in their everyday lives.

**GLOBALISATION**

Globalisation has been accused in the media of increasing risk, but as the Roper Reports make clear, consumers worldwide generally welcome global brands for the benefits it gives them, although there is some scepticism. Globalisation is critical when we consider the increasing power of multinationals, international branding (‘big ideas’, global metaphors), and global communications. The benefits to marketing and international corporations are clear:

- common development of brands;
- economies of scale in advertising, packaging and promotion;
- central organisation;
- common management language and disciplines.

And there are many other benefits of globalisation, not just to international corporations. For example, Free Trade Agreements (GATT), International Law, Human Rights, Environmental initiatives, Scientific and Technological discourse, etc. All of these in one way or another are seeking to better the human condition globally.

The risk here of course is loss of local identity. Nationalism, regionalism, and devolution are also increasing as people come to value their differences.

Hence the resurgence of ‘Localism’. Critics have argued that there is a recognisable effect worldwide of rejecting ‘globalism’ as ‘artificial sameness’, ‘imposed global needs’, and ‘marketing imperialism’. Alongside the benefits of globalisation, consumers in many developed and developing markets may
Living with risk

reject sheer ‘Westernisation’ (or ‘Westoxification’ as it has been called) in favour of local product qualities and local images. Within some industrialised markets too as the Roper data suggests there are also shifts towards national identity and attaching value to local brands.

We still live in a world of Nation States, which emphasise local cultural differences and national identity. In spite of the shift towards globalism and economies of scale, there is pressure to preserve local differences in relation to:

- language, religion, upbringing, and moral values;
- traditions, myths, values, symbols;
- continuity between generations;
- shared memories of major local events, history and common destiny;
- local foods, tastes, palate, and customs;
- local media, stars, presenters, and role models.

Care is therefore needed to preserve at least some of these to avoid disturbing the balance, thus allowing ‘globalism’ and ‘localism’ to co-exist.

Particular product areas where the tension between global and local is most obvious are in everyday life eating and drinking, i.e. areas where there are both global trends and local traditional behaviours. Hence the blend – or ‘glocalisation’ – of local expressions of global ideas. Very few truly global brands market them identically in all their markets. Most adapt global concepts to local expression to reduce risk.

Risk, Individualism and Collectivism

When we compare Western countries with other cultures, we find substantial variance in culture, notably in terms of ‘Individualism’ and ‘Collectivism’, which pervade all aspects of thought and behaviour. Individualism is traditionally associated more with risk-taking and Collectivism more in principle with risk-reduction. The primary cultural distinctions are:
Individualism | Collectivism
---|---
Nuclear family | Extended Family
Self or immediate family | Blood/Kinship/Work Groups
Use of ‘I’ and ‘Me’ | Think in terms of ‘Us’, ‘We’
Beliefs in Competition, Challenge | Beliefs in Harmony, Co-operation
Self-Expression | Avoid confrontation
Doing one’s ‘own thing’ | Public Self and ‘Face’
Control by ‘guilt’ and conscience | Control by ‘shame’ & ‘loss of face’

Taking a global perspective the influence of Individualism and Collectivism on living with risk varies by economic development. There are two main streams – Western Individualism and Asian Collectivism. Between these two, Latin America exhibits a mix of individualist and collective values depending on the product category and context (see figure 6).

**Figure 6**
GLOBAL MARKET DYNAMICS

The insight here is that the shift towards Individualism imposed on Collective cultures corresponds to a shift to risk, which has profound implications for product positioning as well as politics and diplomacy.
Within Developing markets there are also sub-sectors in the Collective stream who now strongly identify with Western Individualistic values. There are clear signs of trends towards ‘Individualism’ in developing markets amongst young people, higher classes, urban dwellers and women, who want their voices to be heard:

- **aspiration towards money**, materialism, to be rich and successful, high standards of living, enjoying life, beliefs in the future;
- **display of success through global branded goods**;
- **internationalism** – travel, media, Western orientation, use of English, the Internet, etc.

But *inside* many of the above are deeply traditional, valuing home, savings, and moral values. As they themselves put it – ‘I’m Western at the weekends but Japanese during the week’, ‘I dress Euro but my soul is Malay’, ‘I select the best of the West and throw the rest away’. Such developing consumers therefore lead a ‘schizophrenic’ life torn between modern globalisation and national identity, thereby creating risks of conflict.

To put these trends and counter-trends of Emergent Markets in context it is important to note that substantial sectors (50-65% depending on the market) live at traditional basic subsistence levels or below. Further sectors are emergent (c.25% - 30%), leaving only small minorities at higher standards of living. Our best guess at the distribution of these sectors in Emergent Markets is as follows (figure 7).

Whilst all this is going on, we must not forget radicalisation of the West. Western values are also undergoing change as the West reassesses the benefits of individualism, technology and capitalism in favour of harmony, social responsibility and traditional values. These are now manifest in many contemporary Western advertising styles and messages.

Many changes in the West are inspired by such values. It is not just ‘ethnic’ products – food, fashion, design, and so on – what are being imported, but the values that go with them. Western aesthetics, philosophy, religion and culture are themselves being steadily transformed. Therefore in looking into the risks that beset other minds we find benefits for understanding our own.
CONCLUSIONS

Risk is the source of energy that drives and creates wealth in modern society. It is therefore an essential property of development and market research. Market research is both about risk-reduction (its traditional role) and risk-taking (its more proactive role), but we also believe that market research has a role of conscience representing the broader values of society. Globalisation is recognised by consumers worldwide as beneficial but its actual expression needs to be treated with great care to respect local and global aspirations.

To this end the tracking and analysis of attitudes to risk, human priorities, global brands and globalisation are critical to understanding and predicting future needs and opportunities, whilst safeguarding human dignity.

In the light of all this, could market research have helped predict and anticipate September 11th and beyond? In a way, yes …

FOOTNOTES

1. Roper Reports Worldwide 2002. In-home interviews with 31,000 people aged 13 to 65 (1,000 sample in 31 countries).

2. The sample for the 31 countries covered in the current wave of Roper Reports Worldwide projects to approximately 1.2 billion consumers, and represents an estimated 90% of measured world economic activity.
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