

BRICs: Bulwark against the Wolves?

WHEN DANGER THREATENS, a sensible reaction is to look for shelter. But not just any shelter. In the English folk tale, the two pigs who build their homes of straw and wood end up taking refuge with the third brother who has wisely built his home of bricks. Are the BRIC nations the world's safeguard against the big bad wolf of recession blowing down the global economic house?



BRIC markets are the engine of global economic growth. As of 2007, all four had GDP growth rates exceeding the global average. They encompass some of the world's largest and most thriving urban agglomerations. They are cultural icons for the 21st century, too. The recent success of the movie *Slumdog Millionaire* echoes the aspirations of a nation, just as the Bird's Nest stadium nurtured the dreams of another last summer.

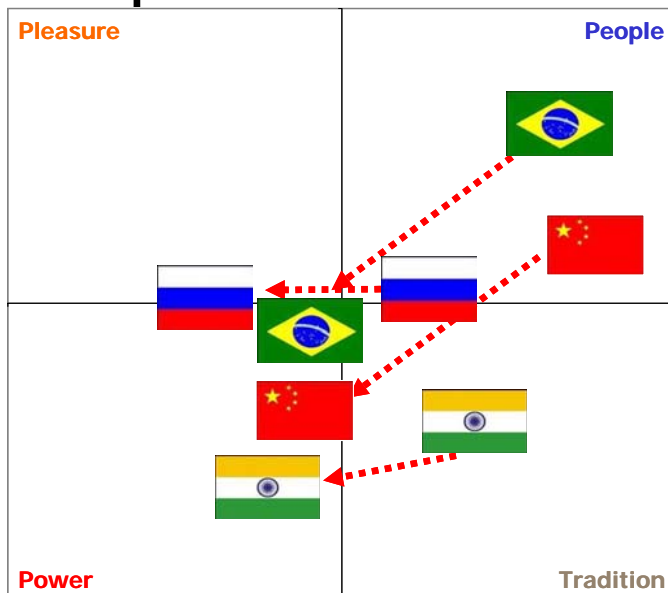
The consumers who live in these behemoths have unique cultures and unique mindsets. But they share some common ground, too, including a greater-than-average focus on money and status. This may mean that consumption in general and luxury goods in particular could weather economic downturns better than average in these markets.

A recent article in *The Economist*¹ suggests that while luxury goods in general will slump this year, super-luxury goods may not, because the world's richest people still have a lot of money to spend, and there are a lot of them. Especially in BRIC markets, which are now home to nearly one in five of the world's billionaires.²

Yet the real hope is in the masses of middle-class, and even poor, BRIC consumers who strive to keep up with the Guptas, Ferreiras, Kozlovs, and Lius. A number of indicators from Roper Reports® Worldwide studies bear this out.

Values

By and large, the personal values orientation of consumers in BRIC countries since 2000 has shifted toward the "Power" corner of the spectrum from more people- and traditional-oriented mindsets (see chart). In Russia, India, and China, for example, consumers place higher-than-average priority on the values of *Wealth* and *Status*.



¹ [The lapse of luxury](#), Feb 24th 2009, Economist.com

² [The World's Billionaires](#), Forbes, March 5 2008, forbes.com

Attitudes

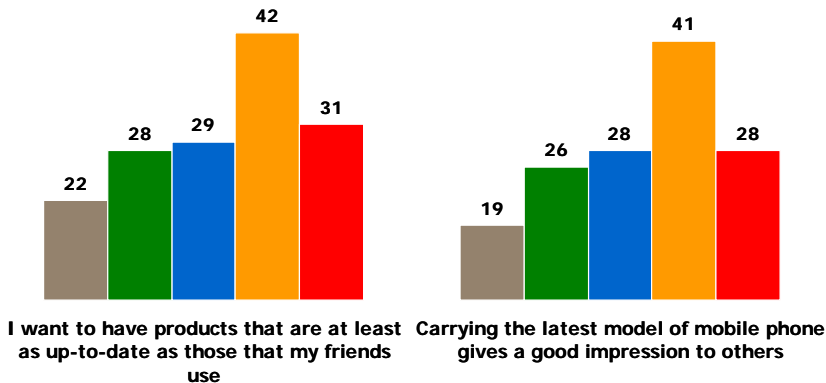
The value of status shows up in BRIC consumers' attitudes, too. They are more likely than average, particularly in India, to agree that they want the latest and greatest products.



Latest Gadgets Carry Weight in BRICs

% of consumers age 13+ who strongly agree with statements (6 or 7 on a 1-7 scale)

■ Total Global ■ Brazil ■ Russia ■ India ■ China

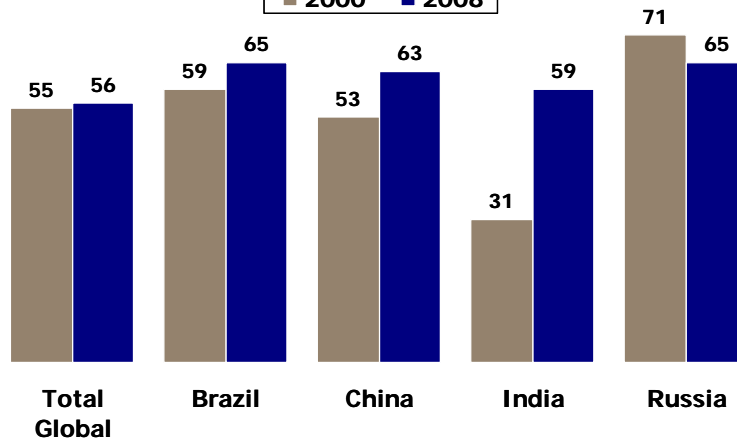


In addition, Brazilian, Chinese, and Indian consumers express a greater preference than they did a few years ago for having more money over having more time (when given a hypothetical choice between the two). In India, this preference has doubled, totally reversing the pattern in 2000 when Indians preferred time over money. And even though it's dropped in Russia, the share of consumers who prefer money over time still dominates that market.

Money Increasingly Popular in 3 of 4 BRICs, Especially India

% of consumers age 13-65 who would choose more money over time if given the choice

■ 2000 ■ 2008



Consumer aspirations might mean the latest mobile phone. They might mean bigger-ticket items. Chinese consumers who prefer more money over more time would spend it on buying a home; Russians would spend it on travel.

In the case of the super-affluent, aspiration might mean a super-yacht. But in many cases, it means the basics. As the latest issue of *Newsweek* posits, "India boasts an unlikely growth driver all its own: legions of poor whose incomes have risen just enough in recent years to create powerful demands for basic goods and services."³

In some versions of the precautionary tale of the three little pigs, the first two do not find safe harbor in their

brother's home – the wolf eats them. Global economic conditions are bound to swallow many businesses whole this year. Even the most solidly built may feel the hot breath of recession panting down their necks. Focusing on markets, and consumers, that are still looking to move onward and upward, however, may stave off the worst of the onslaught.

This article is based in part on the 2008 GfK Roper Reports® Worldwide survey of 31,538 consumers age 13+ in 25 countries. For more information, please contact your GfK Roper Consulting representative or go to www.gfkamerica.com. *Global Pulse*® is produced by GfK Roper Consulting for Roper Reports® Worldwide clients and GfK employees. Permission is required to distribute beyond these groups.

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³ ["The Boom from the Bottom."](#) *Newsweek*, February 23, 2009