ZEROquadrant

Third big annual survey by Val group
on the attitudes, beliefs, fears,
and expectations of Croatian citizens.

VAL GRUPA

Zero Quadrant: what Croats think about the future, what they hope for, what they believe in, and what they fear

During any business and communication planning, we must understand the position we are starting from because that is how we will start the wave in the right direction, in the right way. To reach the goal, the first and last steps are equally important, predefined precisely by our starting point. This research is exactly that - determining the attitudes, expectations, and fears of Croatian citizens at the end of 2022, the year marked by strong geopolitical, healthcare, and climate tectonic changes on a global level.

This is also the third year of our research, enabling us to monitor trends that provide added insight for future strategic planning.

The survey was conducted by IPSOS for Val group between July 27 and October 30, 2022, using the online method on a sample of 603 respondents who are members of the Ipsos online panel representative of internet users aged 18 to 60.

The percentage of citizens who believe that investing in their knowledge or that of their children is the most **profitable investment**

2020	2021	2022
58%	**82%**	**82%**

Nina Išek Međugorac

EXECUTIVE DIRECTOR

Restoring citizens' trust is a strategic priority for companies, institutions, and the media

The third edition of Nulti kvadrant imposes restoring trust as the most important task for companies, media, and state institutions in 2023. This year, citizens' trust has clearly been lost in all areas of society. The media, state institutions, non-governmental organizations, and local governments enjoy it the least.

The year 2022 was additionally marked by a significant price increase and a drop in purchasing power. It is the reason why citizens fear that the overall quality of life will deteriorate in the coming years.

Fear over economic issues further deepens Croatia's pressing demographic problem since increased inflation affects the decision to plan a child for every other young person. Contributing to the significantly greater pessimism of citizens is the concern over the spread of war conflicts, which has a significant impact on the planning of foreign trips, as well as relocation to other countries, which is also a great opportunity for Croatia to stop the outflow of workforce.

It is evident that we are in a time of permanent crisis, constant and major changes that are changing citizens' attitudes and behaviors faster than ever. We are witnessing less and less loyalty towards products and services, fewer expectations for companies that they can solve the "real" problems we face, and less and less trust that what they communicate is true and relevant to their everyday life. Although it is still important, all this leads to citizens today caring less about the values, attitudes, and socially responsible business of those whose brands they use. The survey also confirms that, in addition to the public sector, the media, and non-governmental organizations, the business sector also has a lot of work to do if it wants to enjoy the reputation of those who work for the welfare of society.

Despite all the challenges, companies have a great opportunity for a change in the time ahead. Surprisingly, only every fourth citizen believes that he/she will reduce personal consumption, while over 40 percent of them plan to increase it. The next thing they want to see from companies are activities and messages based on reliability, trust, and security, recognizing the growing need of citizens for peace, security, and simplicity.

Making business decisions today is significantly more complex. It requires a good understanding of the environment in which we live, a broader spectrum of specialized knowledge, and greater collaboration with stakeholders. For this reason, the role of communication advisors should be mainly strategic and knowledge should be broad.

We at Val group are betting on knowledge, which, according to the Nulti kvadrant survey, is arguably the most profitable investment this year as well. The best should invest in the development, knowledge, and competence of their employees, which we continue to do to an even greater extent in the coming years.

Citizens are most concerned about further price increases and lower standard

After 2021, in which the Croatian economy fully recovered from the crisis caused by the COVID-19 disease and recorded GDP growth of 10.2 percent, we are at the end of a year marked by great geopolitical uncertainty caused by the war in Ukraine and, consequently, a new, unexpected economic crisis.

61.2%

experienced a decline in purchasing power

Inflation in Croatia in October was a record one since it has been measured, 13.2 percent compared to the same period last year. It is evident that the prices are rising, as confirmed by a survey in which 91 percent of respondents stated that they had experienced a significant increase in all prices over the past year.

A total of 61.2 percent of respondents stated that they experienced a decline in purchasing power - to a greater extent men (65.6 percent) than women (57.8 percent). If one looks at the age of the respondents, this is more pronounced among the population between 35 and 49 years of age (66.4 percent) and between 50 and 60 years of age (67.7 percent), i.e., among respondents who probably support children who are not yet economically independent.

Middle-class citizens felt the inflation to the greatest extent

There are differences between households with different incomes, so, interestingly, citizens in the middle category of household income, with a budget between HRK 10,000 and 16,000 per month, experienced the most significant increase in prices over the past year (95.5 percent), while citizens with household incomes over HRK 16,000 (89.1 percent) felt it less, followed by citizens with the lowest incomes up to HRK 10,000 (88.3 percent) who felt it the least.

The decline in purchasing power was most experienced by citizens in the middle-income category (66.6 percent), followed by those with the lowest incomes (63.1 percent). Citizens with medium purchasing power have proven to be the most sensitive to rising prices and falling purchasing power, which leaves the most room for companies and brands to attract this group of consumers through communication and distinction.

Regardless of the increase in prices, a third of citizens - 35.5 percent of them - stated that they personally spent more over the past six months, while 41 percent of citizens stated that they spent the same. Young people stand out among those who spent more, among whom 45.8 percent spent more compared to 27.2 percent of people between 50 and 60 years of age. There are also differences among consumers of different incomes - among consumers who spent more, there are mostly those with incomes over HRK 16,000 (40.1 percent), and the least of those with incomes up to HRK 10,000 (31.8 percent). As many as 44.4 percent of students and pupils stated that they spent more in the past year, while only one in five pensioners (22.1 percent) did so.

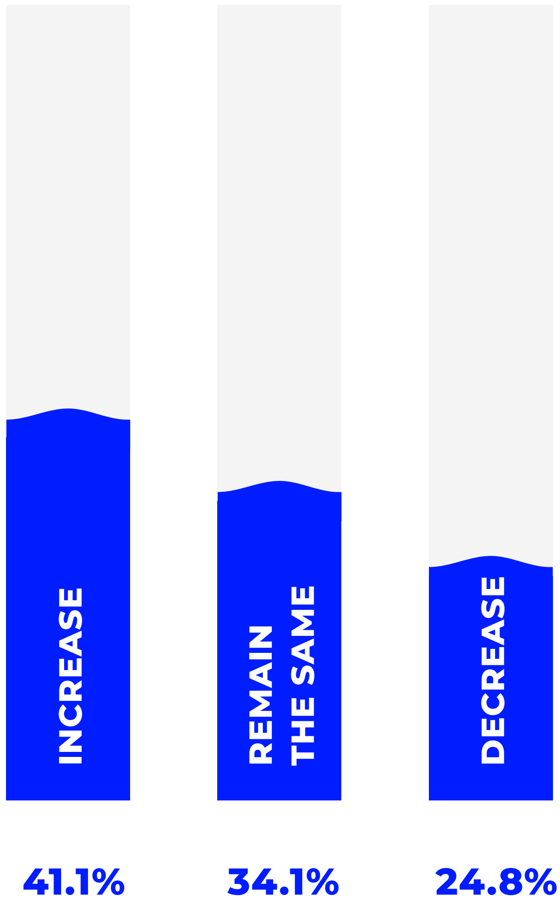
Only every fourth citizen plans to reduce personal consumption

Economic concerns remain dominant in citizens' expectations for 2023. As many as 88.8 percent of citizens are significantly or very worried about the further rise in prices, almost 80 percent are concerned about the reduction of citizens' purchasing power (70.9 percent), while 70.8 percent are concerned about the decline in the standard of living of their families. At the same time, only every fourth citizen thinks that he/she will reduce personal consumption, every third thinks that it will remain the same, and 41.1 percent of citizens think that they will increase personal consumption. There is, again, a difference between the expectations of women and men - women believe to a greater extent that their personal consumption will increase (45.2 percent of respondents) compared to men (36 percent of respondents).

Citizens with a median household income believe that their personal consumption will increase to the greatest extent - 46.5 percent of them, while 42.3 percent of citizens with the highest income and 32.8 percent of citizens with the lowest income think so. Almost 60 percent of students believe that their personal consumption will increase in the coming year, while 40.6 percent of the employed and 37.2 percent of the unemployed expect this.

It is understandable that 39.2 percent of pensioners and a third of unemployed respondents, that is, people who are considered to have the lowest incomes, think that they will reduce their personal consumption in the next year.

Do you think that your personal consumption will increase, decrease, or remain the same in the next year?



Many citizens are worried about the spread of war conflict

In addition to the problems mentioned above, citizens are worried about the crisis of the domestic economy (73.9 percent) and the crisis of the world economy (69.4 percent).

The war in Ukraine is the most important geopolitical topic this year, and this has clearly reflected on the concerns of citizens and will have an impact on the decisions they make in the future. More than half of the citizens, 56.6 percent of them, are worried or very worried about war conflicts in which Croatia would be directly involved. A greater number of citizens, 72.2 percent of them, are worried or very worried about the spread of war conflict in the world in general, without direct Croatian involvement.

56.6%

Every second citizen worries about war conflict in which Croatia would be directly involved.

The fear of inflation has **the most significant influence** on major economic decisions

Emotions affect the most important life decisions of respondents. The fear of inflation, i.e., a drop in purchasing power, is most present in all economic decisions such as buying an apartment, car, financial investment, or changing jobs, but also to a lesser extent when deciding to move to another city, country, or when planning a child and wedding.

The fear of inflation is most present when making financial investment decisions and affects the decision of 62.8 percent of respondents; it is more present among women (65.8 percent) than men (59.2 percent). Pupils and students express this fear the most - 76.5 percent, followed by pensioners - 71.2 percent. Fear is least present in the group of unemployed respondents - half of them.

A total of 58.7 percent of citizens state that the fear of inflation would influence their decision to buy an apartment, and slightly less - 44.9 percent of citizens state that they fear losing their job. With regard to this decision, fear is more present among women (61.7 percent) than among men (54.9 percent), and according to employment status among students and pupils (80.8 percent), which is more likely the result of the notion of unattainability, not concrete "weighing" of the decision. When buying a car, 56.4 percent of citizens, almost equally men and women, mention the fear of inflation. Pensioners mention this fear to a slightly greater extent than the rest (60.1 percent), and according to household income, the fear is most prevalent among respondents with incomes between HRK 10,000 and 16,000.

Fear of a decline in purchasing power affects every other young person's decision to have children

Fear of inflation is the smallest factor when planning a wedding (24.5 percent). It is more present in the decision about planning a child, in more than a third of citizens (36 percent), equally among men and women, and mostly among young people. Every second young person between the ages of 18 and 34 mentions the fear of inflation as a factor influencing the decision to plan a child (50.1 percent), compared to every third person in the population between the ages of 35 and 49 (31.2 percent). This shows that the key demographic problem of Croatia, which refers to negative natural growth and the consequent aging of the total population, is strongly influenced by the economic environment, such as inflation.

50.1%

Every second young person mentions the fear of inflation as a factor when planning a child.

Fear of the spread of war conflict affects the planning of foreign trips and relocation to other countries

The fear of the spread of war conflict in the world affects the decision on a tourist trip to another country - 39.6 percent of citizens mention this fear as a factor when planning a trip, women to a much greater extent than men (45.1 percent of women compared to 32.8 percent of men).

That fear is mentioned by 36.8 percent of citizens as a factor that would influence their decision to move to another country, with women mentioning it to a greater extent than men - 41.5 percent of them compared to 31 percent of men. Also, this fear is more pronounced among young people (39.6 percent) than among people of middle age (34.6 percent) and the elderly (35.7 percent). Among young people, some other fears would influence the decision to relocate to a greater extent when comparing the answers with other groups – fear of inflation, fear of job loss, fear of less freedom, and fear of pandemic.

What do consumers expect from brands?

Citizens are still demanding towards companies, and overall expectations are similar to those of the previous two years, with some expectations having increased while some have decreased. Compared to last year, expectations for companies to take care primarily of the health and safety of their employees, to have a developed digital way of doing business, and to provide up-to-date data on defects, delivery, or service delays have increased slightly. On the other hand, citizens have more tolerance for the impossibility of maintaining the same prices and reducing fees.

84.3%

percent of consumers believe that companies should primarily care about the health and safety of their employees.

A total of 86.9 percent of respondents believe that companies should invest additionally in the development, knowledge, and competencies of their employees, which is a slight drop compared to the expectations of last year when 88 percent of employees thought so. Citizens' expectations regarding work flexibility have decreased - 77.9 percent of citizens believe that companies should enable employees to work flexibly, for example, work from home and with adjusted working hours, compared to 81 percent of citizens who believed this last year and to 82 percent of citizens who thought so in 2020. Today, 65.5 percent of citizens believe that companies should communicate how the brand is helpful in everyday life, compared to 69 percent last year or 71 percent in 2020. Slightly fewer citizens – 72.5 percent – expect that companies should continue to provide services such as delivery or pick-up of products without entering a brick-and-mortar branch, compared to 77 percent of citizens who expected this two years ago.

We are most sensitive to prices, and brand loyalty should be earned

A little more than half of the citizens, 51.5 percent of them, said that in the past year they stopped buying certain categories of products and services (for example, luxury goods, tech, or travel) because of the price increase while 43.2 percent of the respondents changed the brand of a product they normally use because of the price. The trend of less and less "loyalty" to brands and companies calls for new approaches to communication and value creation that will make a difference in new circumstances.

To a greater extent, young people stopped buying certain categories of services and products due to price increases - 54.8 percent of them compared to 44.6 percent of consumers between the ages of 50 and 60. Also, more young people gave up on a brand of some products or changed it because of the price - 44.4 percent of them compared to 35.5 percent of older consumers.

When looking at income, middle-income consumers are the most sensitive to price increases and, to the greatest extent, stopped buying certain categories of services and products due to price increases, as well as certain brands, more than consumers with the lowest and highest incomes.

Due to the focus on price, citizens are less loyal to brands than before, which creates a need for a better and more specific communication

When trends in the attitude of consumers towards brands and products are observed in comparison with the results of the research from 2020 and 2021, this year's research shows changes. Citizens today, compared to the last year and the pandemic year 2020, care less about the values, attitudes, and socially responsible business of the companies whose brands they consume. This does not mean that they are not important to a large part of consumers, but this percentage mostly dropped below 50 percent of citizens. This can be interpreted by their focus on prices, which are on the rise, and which are among the most important topics in the media. Prices are something that consumers "feel" every day when shopping, while the values represented by brands, the policies of companies to reduce the impact on the environment, and socially responsible business are still something that is more difficult for them to understand and observe as a concrete effect.

Today, 45.2 percent of respondents state that they buy brands from socially responsible companies, while 55 percent of respondents did so last year, or 58 percent of respondents in 2020, which is a drop of 12.8 percent in just two years. Today, 51.4 percent of respondents try to buy brands that are dedicated to limiting their environmental footprint, compared to 62 percent two years ago. A total of 43.9 percent of respondents expect companies to share the same or similar social values as them, compared to 56 percent of respondents in 2020, and 10 percent fewer respondents more often buy products that are locally produced or use local raw materials compared to the period before two years. In the context of fear of a further decline in purchasing power, especially present among middle-income citizens, companies and brands have the opportunity to "push" values and attitudes to the forefront of communication. A "price war" is not beneficial for either brands or consumers, which creates a need for better communication by brands about key values and initiatives in order to attract and retain consumers, who are less loyal than in previous years.

62%

respondents changed the brand they usually use because of the price.

To what extent do you agree with the following statements when it comes to **your attitude towards the brands** and products you use?

I buy more brands that I know are produced by companies that are socially responsible

58% 2020

45.2% 2022

I try to buy brands that are dedicated to limiting their impact on the environment

62% 2020

51.4% 2022

I buy more products that are locally produced or use local raw materials

68% 2020

58.2% 2022

What values and messages are consumers looking for from brands?

Consumers most want advertisements to communicate reliability (32.1 percent), trust (28.8 percent), safety (28.7 percent), responsibility (26.5 percent), and positivity (20.2 percent). To a slightly lesser extent, they want them to communicate sustainability (19.6 percent), optimism (18.4 percent), normalcy and ordinariness (11.6 percent), and freedom (11.5 percent).

In the preferences of some messages, there is a difference between men and women, so, for example, messages of trust are preferred less by men - 26.5 percent of them compared to 30.7 percent of women. On the other hand, 30.3 percent of men want safety messages compared to 27.3 percent of women. Women want more messages of positivity than men, and the difference is also in the communication of sustainability, which 22.6 percent of women want comparing to 16.1 percent of men.

Consumers mostly want brands to communicate reliability (32.1 percent), followed by trust, safety, and responsibility.

There are also differences between age groups. Consumers between the ages of 50 and 60 want brands and companies to communicate reliability (39.2 percent), trust (36.8 percent), and responsibility (34.9 percent). When this is compared with young people between the ages of 18 and 34, they want the same messages, but to a lesser extent - 27.8 percent of young people want reliability, 24.1 percent want trust, and 21 percent want the responsibility.

Consumers with higher incomes want more communication about sustainable business

Differences between consumers with different educations are not as significant as between young and older respondents, and preferences differ mostly by a few percentage points. Similarly, there are no significant differences even when comparing consumers with the lowest income and the highest household income. The biggest difference can be observed in the desire for communication of positivity and sustainability. Positivity in communication is desired by 24.9 percent of consumers with household incomes over HRK 16,000, compared to 17 percent of consumers with household incomes below HRK 10,000 per month.

Consumers with higher incomes also want more communication of sustainability, 21.1 percent of them versus 14.9 percent of consumers with lower incomes, which is understandable considering that thinking about the long-term future, climate change, and carbon footprint mostly comes after basic needs are met. The values of sustainable business, environmental awareness, and socially responsible business should be "translated" into a language comprehensible to consumers.

How satisfied are we with companies, media, and public institutions?

The survey of citizens' experience with different industries and institutions covers 19 different sectors. Overall, citizens rate the experience with trades (hospitality, various services) most positively, followed by cafés and restaurants, and then computer equipment stores.

At the back are state institutions (ministries, agencies, and institutes), local self-government institutions and companies, as well as non-governmental organizations and the media.

Trust in all sectors has fallen on average; restoring citizens' confidence should be the crucial task of companies and institutions

Trust in all sectors fell compared to 2021. Service activities, like last year, enjoy the greatest trust of citizens - 57.7 percent of citizens mostly or entirely trust hairdressers, trades, and beauticians, although this is a drop of 7.3 percent compared to last year. They are followed by cafés and restaurants, which are trusted by 48.9 percent of citizens, but this also represents a drop of 8.1 percent compared to last year. Private healthcare services are trusted by 47.8 percent of citizens, which is almost at last year's level.

It is quite problematic that the media least enjoy citizens' trust - only 13.3 percent of citizens mostly or completely trust the media. They are followed by state institutions with the trust of 13.6 percent of citizens and local self-government institutions and companies trusted by 16.7 percent of citizens. When it comes to the real sector, they least trust insurance companies (18.1 percent), telecommunication service providers (24 percent), and banks (24.8 percent).

Educational institutions do the most for the benefit of society, while banks and insurance companies do the least

The analysis of citizens' attitudes about the different values of certain types of institutions and companies shows that citizens feel the highest level of association of certain values towards educational institutions, especially in the dimension of work for the welfare of society. Educational institutions are leaders in other dimensions as well, except for proactivity, where private healthcare services are in the first place, and they share the first place in transparency. Overall, after educational institutions and private healthcare services, small and medium-sized enterprises and public healthcare services were rated the best.

Citizens rate state institutions as the least transparent with 10.8 percent, followed by local self-government institutions and companies at 13.3 percent, and the media at 13.9 percent.

State institutions, local self-government institutions and companies, and the media enjoy the least reputation of socially responsible organizations.

The belief that the characteristics relate (Mostly believe + Completely believe)

	Transparency	They work for the welfare of society	Proactivity	Social responsibility	Environmental awareness
Educational institutions	**35.3%**	**45.3%**	**32.4%**	**39.0%**	**37.2%**
Private healthcare services	**36.0%**	**29.9%**	**40.7%**	**33.4%**	**29.3%**
SMEs	**27.9%**	**30.1%**	**34.9%**	**29.7%**	**22.9%**
Public healthcare services	**23.0%**	**36.3%**	**21.5%**	**27.1%**	**21.9%**
NGOs	**18.2%**	**25.7%**	**26.0%**	**23.8%**	**24.3%**
Telecommunications services	**19.1%**	**14.1%**	**30.6%**	**18.9%**	**18.3%**
Banks	**20.3%**	**12.8%**	**27.1%**	**18.4%**	**20.3%**
Media	**13.9%**	**15.9%**	**25.2%**	**16.8%**	**17.7%**
Local self-government institutions and companies	**13.3%**	**17.7%**	**14.7%**	**16.2%**	**19.1%**
Insurance companies	**14.4%**	**13.7%**	**23.0%**	**14.7%**	**13.8%**
State institutions	**10.8%**	**14.7%**	**11.5%**	**12.2%**	**12.5%**

Greater satisfaction and trust in private healthcare

After two years of the health crisis, it is interesting to see what the experience of citizens is with private and public healthcare facilities. There is a big difference in citizens' satisfaction with private and public healthcare services. While 46.4 percent of citizens are mostly or extremely satisfied with their experience with private healthcare services, only a quarter of citizens - 26.8 percent - are mostly or extremely satisfied with their experience with public healthcare services. The difference is even greater when looking at dissatisfaction with these sectors. The percentage of citizens who are mostly or extremely dissatisfied with public healthcare services is a high 40.6 percent, while only 13.9 percent of citizens are dissatisfied with private healthcare services.

With public healthcare institutions, citizens are relatively satisfied with the quality/expertise of doctors and other medical and support staff, they are moderately satisfied with the attitude towards patients and technical equipment, but they are dissatisfied with the speed of performing examinations and procedures, especially with the speed of getting appointments for examinations and procedures. Private healthcare institutions are rated highly positively on all analyzed criteria, and mostly on the criterion of technical equipment.

	Private healthcare services	Public health services
SATISFIED	**46.4%**	**26.8%**
DISSATISFIED	**13.9%**	**40.6%**

Citizens are much more pessimistic than last year

Citizens are much more pessimistic than last year - 44.3 percent of citizens believe that their overall quality of life in the coming years will be worse than now. Women, the elderly, and citizens with lower household incomes are particularly prone to pessimism. The decline in optimism (increase in pessimism) is not universal in all analyzed dimensions of expectations but is limited to the personal financial situation, and the political and economic situation in the country.

No statistically significant drop in optimism was recorded in other aspects of life (career, emotional relationships, family relationships, and friendships).
These results are another indicator that the year 2022 was marked by a decline in citizens' purchasing power (living standard) and the fear that the negative trend will continue. The index is expressed on a scale from -100 (all respondents think it will be much worse) to 100 (all respondents think it will be much better).

	Optimism index 2022	**Optimism index 2021**
Personal financial situation	3.3	12.7
Health	-5.3	-1.8
Business status and career	15.4	17.7
Relationship with friends	11.0	10.7
Love/emotional relationship	16.4	15.4
Family relationships	12.6	14.0
Political situation in the country	-32.8	-19.0
Economic situation in the country	-32.2	-21.3

In line with citizens' distrust of the institutions that lead the country, almost 70 percent of citizens (69.9 percent) believe that Croatia is going in the wrong direction, with young people being more pessimistic than older citizens.

valgrupa.hr

info@valgrupa.hr

+385 1 3691 852

Ulica grada Vukovara 269D

10000 Zagreb

GRUPA