

Séissmograph 2003

Research Report

„I shop therefore I am“

Observations on the consumer behaviour of
unemployed citizens in Germany

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PROLOGUE

Initial situation

As market researchers, we are often confronted with the fact that our clients in the consumer goods industries have a tendency to exclude the unemployed from research samples.

Our questions

What kind of consumers are these people who are currently unemployed, but used to have a regular job in the past? What are the differences, if any, in their purchasing behaviour?

Objectives

With this report we aim to deliver valid references to companies and decision-makers in business, which will encourage reflection and help with the development of successful strategies.

Consulted target

Men and women between 26 and 55 years of age, who are registered as unemployed and have been claiming unemployment benefits (Arbeitslosengeld or Arbeitslosenhilfe – see the explanatory section on the next page), for at least 4 months (to ensure they have a sufficient distance from their former working life) and up to one year. They have all been working before they became unemployed.

Methodology

- ▶ **The qualitative methodology:** one-hour long tape-recorded in depth interviews with 48 participants in 3 different locations (Mannheim-Heidelberg in the South, Bremen in the North and Dresden in the east of Germany).
- ▶ **The quantitative methodology:** individual surveys of 160 persons, of which 91 were unemployed men and women (50% according to Arbeitslosengeld and 50% according to Arbeitslosenhilfe), and 69 the reference group of working people. We had the same age and gender segmentation (63.8% men, 36.2% women) in the 2 subgroups, identical geographical distribution, but variable levels of education (the unemployed participants being at a lower educational level).

It must be considered that this research does not claim to be representative. However, through the combination of different methods, the delivered results provide valid and insightful reference points.

Research contents

- ▶ Qualitatively: an explorative approach



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Personal background and history, centres of interests, everyday-life organisation, time management, consumer habits, spending, income management

- Quantitatively: focus on consumer behaviour

Frequency of purchases in 11 pre-defined product areas (from cleaning products to furniture), use of services (e.g. trains...) shop visits (from shopping centres to retailers, from the butcher's to the market...)

Timeframe of the survey: July and August 2003

For a better understanding

<p>Arbeitslosengeld (unemployment benefit)</p> <p>= 67% or 60% (depending on parental status) of the last 12 months' net salary, with the pay out being bound to a certain timeframe (spread out according to the age and the duration of the previous job, at least 180 calendar days, at most 32 months at the age of 57) for anyone having worked at least for 360 calendar days in the last 3 years.</p> <p>Represents about 44,5 % of the registered unemployed population</p>
<p>Arbeitslosenhilfe (unemployment assistance)</p> <p>= 53% of the last global net salary (unlimited in time, but with the requirement to be reconsidered every year); for anyone who has received at least one day of Arbeitslosengeld.</p> <p>Represents about 49% of the registered unemployed population</p>
<p>Some unemployed are not entitled to any kind of financial help since they have not worked (or not long enough).</p>

Number of unemployed people in Germany at that time of the research – September 2003: 4,2 millions. (10,1% of all the working people.)



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These are the **questions**, which led us to the *study of the consumer behaviour of Germany's unemployed population*:

- Do the unemployed really have less money at disposal than the working population?
- What does it imply for them to have more time at hand?
- What influences the spending and consumer behaviour of the unemployed?
- Are unemployed people less aware of brand and quality than workers?

A first clarification: 'THE' unemployed do not exist just, just as 'THE' working people don't. Indeed, we could observe a rather wide spectrum of profiles.

The following differentiation of profiles, which is to be understood as the attempt of a typology, stresses such types as the 'active', 'satisfied', 'repressing', 'resourceful' or even the 'depressive'.

The **three following attitude profiles** are the most present:

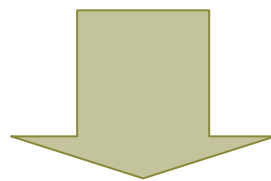
	The active type	The satisfied type	The depressive type
Slogan	I'm (still) worth it	I got used to my situation	I won't ever get by
Profile	<ul style="list-style-type: none"> ▶ Makes efforts ▶ Searching and seeking ▶ Curious, open ▶ Inventive ▶ Fighting ▶ Has hobbies, passions 	<ul style="list-style-type: none"> ▶ Looks for peace and relaxation ▶ Psychologically stable ▶ Well integrated ▶ Balanced ▶ Close to nature 	<ul style="list-style-type: none"> ▶ Unstable ▶ Helpless ▶ Lacks self confidence ▶ Buys as cheap as possible ▶ Feeling of constant illness
O.V.	<i>There is a lot to do, I don't want to stay in bed until 11 a.m. and watch T.V. all day long</i>	<i>I have to do with it, I now have a bit of experience around it.</i>	<i>I did not dare to take on the job as a sales assistant at the baker's</i>



Furthermore, another two profiles emerged, even though not as present as the former 3 profiles:

- The **'Repressing'** type: they live miles away from reality and repress unemployment; they try to minimise their situation of unemployment, finds little jobs in order not to consider themselves to be unemployed. The reasons for this behaviour originate from a feeling of culpability and their fear of exclusion.
- The **'Resourceful'** type: certainly a widespread cliché but we could only identify two cases. These persons managed to develop strategies allowing themselves to get out of "unemployment-life" more easily. They use their social network, become members of associations or find a new meaning to their lives...

Despite these differences, some **cross-disciplinary results** about the **spending and consumer behaviour** of this population can be found:



Thesis 1: no job \neq no spending \Rightarrow the unemployed have centres of interest and hobbies for which they prove to be spendthrifts; many of them have a strong need for brands and quality.

Thesis 2: no job \neq no opinion \Rightarrow the search for information has priority in the struggle for life; consequently, the unemployed are very well informed (on social and personal levels as well as at products level).

Thesis 3: no job \neq no financial resources \Rightarrow the unemployed have a considerable disposable income, which they like to spend.

Thesis 4: no job \neq no vigour \Rightarrow the unemployed mostly shop in the same shopping centres as the working people.

Thesis 5: no job \neq no influence \Rightarrow the male-female roles are dependent on, conditioned and transformed by unemployment.

Thesis 1: no job ≠ no spending

The unemployed have some centres of interest and hobbies for which they prove to be spendthrifts; many of them have a strong need for brands and quality.

For almost all the participants in our study, we identified one or more **centres of interest**, for which they **spend a lot of time and money**. Not considering the unemployed as “full” and “normal” customers, or even excluding them, on account of their status, from some market researches, seems to be questionable. They indeed appear to be critical and very involved consumers, either when buying a product, using a service or reading the press.

So this “high involvement” phenomenon is to be found everywhere, they only have to feel personally concerned and interested in a subject as for instance...

Relaxation: Martine’s yoga lesson

Communication: Lars’ mobile phone subscription

Surfing and learning: Mark’s unlimited Internet subscription

Health: Christine’s expensive nutritional complements

Food: Matthias’ mustard imported from France

Driving pleasure: Peter’s Alfa 147

Sport: Jörg’s 2 pairs of trainers for winter and summer

Hygiene: Karin’s triple layered toilet paper

The fact that almost no unemployed (like the working people) consume in a rational way is surprising and noticeable. When entering unemployment, people become aware of the fact that they’ll have a lower income, but **no one uses any harsh restrictive method**. Indeed, it would be judicious, on an economic point of view, to cut down one’s general consumption by 40%, 43% or 47% depending on the loss of income. We can observe **intelligent trade-offs** instead, that is, a **prioritisation** in the consumer behaviour.

Dieter treats himself every morning with a Marlboro cigarette and coffee, whereas he smokes rolled cigarettes (with cheap tobacco) during the day.

Sigrid makes no concession with her Nutella, but does with clothing.

Simon buys Stabilo fine-liner Point 88 in chic shopping centres or at a specialist retailer to write his poems and spends 5€ every day in cafes, while he lives very simply during the rest of the day.

=> Privation and wealth are the two sides of the same coin.

Brands and trademarks represent **important landmarks** and convey ideas of success, fame and sometimes even **prestige**. According to their image, they stand for **values** (e.g. freedom and protection) which can be indirectly **"bought"** and experienced. This does not mean though, that there is no critical attitude towards brands among the surveyed target group.

"Yes, I have to say that I pay attention to prices, but I want quality first of all".

"I noticed that they cut down a lot on the amount of high-class products at Penny's and I don't think it's good".

"Drinking Volvic water is a habit I had when I lived with my parents and I kept it, it reminds me of them and our home at the time." (parents live far away abroad)

The unemployed unconsciously often have the feeling that they are **not entitled to treat themselves** and to enjoy life. For this reason, they need to **legitimate** some of their **spendings**:

"With Coke I have a better start in the morning so I have more energy to work (...) This is something special to me, I have to drink some Coke, otherwise I cannot get out of bed. So I spend a bit more on it, but that's the way it is..."

Thinking about this statement: would any working person justify him (or her) self for needing a cup of coffee in the morning before going to the office?

Among the consulted target group, we noticed a variety of products and brands with a certain **pleasure and reward** function. Stevie cannot give up his Nike trainers. Several men in our target group often buy meat at the butcher's, other people buy organic products or fresh fruit and vegetables on the market. Or we can also hear: Müller's yoghurt, Cadbury's chocolate or Haribo sweets : *'I can't cope without them'*.

In the field of **cosmetics**, we were able to observe a considerable brand loyalty (which is confirmed in both qualitative and quantitative methods): men pay attention to the brands for their razor or their deodorant, women for their facial care creams. But also more banal products like toothpaste or shampoo are not always bought at the discount dealers. Let us think about Inge who is attached to her Armani's Acqua di Gio perfume or about Martin for whom the Axe shower gel represents an asset in his search for a partner... Why then? Cosmetics apparently are connected with **(physical) self integrity** and create the feeling **to live**.

Brand products act as guarantors for **authenticity** and help the unemployed consumers to feel individual and not like a "cheaper" copy of others. We can therefore observe in this population category (like in others, but more obviously here) a **transfer from brand value to self value**.



Thesis 2: no job ≠ no opinion

The search for information has priority in the struggle for life; consequently, the unemployed are very well informed (on social and personal levels as well as at products level)

- ▶ **At social level:** All sorts of media, information magazines, press - It is important to know and be aware of what is going on, throughout the world, one's country, home town or neighbourhood.

"To follow the information in the world and what happens everywhere is critical. For me, reading is the most important, as well as watching the news and videotexts. And I'm also fond of the Internet".

"My neighbour is an elderly woman and we've made a deal: I go and fetch the newspaper out the letterbox and I can read it quietly while having my coffee before taking it to her".

- ▶ **At personal level:** Subjects they are interested in or feel directly concerned by, such as health, travels, languages, sports...

"I gather information about everything. I often go to the library and read a lot".

"I am interested in a lot of novels and topics... at the moment I would like to learn more about the thyroid gland".

"and I try to stay aware in my field, you can call that theology. Cyber cafés seem to be a good way of reading things about my favourite subject".

- ▶ **At products level :** The race for bargains but also knowing what is 'in', to be able to show that you are 'with it'.

"H & M is always very interesting, you can really see what is trendy there".

"I often go window-shopping, just to have a look at what is out there"

"I go to the shops and try a lot of beautiful clothes, just for pleasure".

"When I want to buy a new device, I start searching for three or four weeks beforehand to get to know the products and the leading brands. Then I buy a consumers' test magazine 'Stiftung Warentest' or I talk about it with friends".

"We buy trial offers above all since we have a lot of time to inform ourselves".

=> Gathering information is a pastime but also a necessity and an integration process - Being informed means having power!



Thesis 3: no job ≠ no financial resources

The unemployed have a considerable disposable income, which they like to spend.

As far as the **income** is concerned, the reality of situations is very **complex** and does not admit any generalisation. And certainly not the general notion the available income of the unemployed would be systematically lower than working people's. Here are some **examples** for further thought:

Simon is single and gets € 450 a month. He is supported by his family and lodges for free at his sister's. His unemployment benefit is a kind of pocket money which he uses for his centres of interest, to keep seeing his friends and to take good care of his social and professional life.

Peter is entitled to € 2,000 a month, his wife is working part time and they have got one son at home. He drives an expensive new car, buys brand products and uses the time he has to compare prices and negotiate good financial terms as often as possible.

Martina is single and has to live with € 800 each month. Her rent amounts to € 360 and represent a large piece of the cake; so there is little money left for the "little treats". In order to keep on using her beloved Vichy facial care, it is now offered to her by good friends.

Besides, supplementary incomes are quite commonplace, whether it is a temporary little job, cleaning, moonlighting or home-selling, etc. The amount of the income is therefore very variable for every person, and the expenditure cyclic.

'I can cope and earn a bit more when I am running out of money. And then, I spend money. When I have no money left, I stay at home. When I have a source of income again, then I spend money again'.

=> Spending money comes down to an act of pleasure, brings a true feeling of real-life and gives the illusion of leading a more intense life. Nothing but the model of a "normal" society is breaking through...

Thesis 4: no job ≠ no vigour

The unemployed mostly shop in the same shopping centres as the working people.

We could prove quantitatively that the **unemployed show the same attendance behaviour of some given shops and commercial centres as the working people**. Out of a list of 24 shopping places with possible answers ranging from 'I often go shopping to this place' to 'never', **no significant differences** can be found between unemployed and working people. One exception though: Woolworth's was one shopping place, at least among our sample, where the unemployed seem to go more often than working people.

How can this phenomenon be explained? Would reason not advise to go shopping only to discount dealers? Or to avoid even going to shopping places as much as possible in order not to be permanently tempted?

For many of the interviewed participants, going out of the house is very important, as well as looking for some **contact** with other people. The home fulfils the basic needs for order and landmark, but **the exterior world with its lighting and well-stocked stores** brings the **feeling of belonging to a society**; it sends back an image of **normality** of the everyday life.

In the qualitative part of our research, we note that the unemployed do not especially go shopping when shops are less busy. On the contrary, they like to witness a mass phenomenon, to belong to a crowd and to feel a strong activity around them. They want to melt into those people to feel that they belong to (the) society.

"I sometimes pop up to Kaufhof on Saturdays (large shopping centre in Germany) and have a glance at it"

"I often go to the market"

"during the day, I prefer to go to the café to write my poems, I can do a far better job there in general... There's a working atmosphere, you don't feel lonely, at home, you are a bit... left alone".

"when I want to sunbathe, I go to the Paradeplatz (public place with a fountain), there are a lot of people with whom we do not always get in contact with, except if sometimes a conversation materialises. Actually, I just like moving among the crowd, amongst people"



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In the individual interviews, we analysed the criteria of preference for certain places (e.g. cafés, public spaces and shopping centres):

- ▶ Feeling of **freedom** (large spaces to make up for the restricted room at home, anonymity, no obligation of purchase, possibility of trying, possibility of “hiding” behind the large shelves.)
- ▶ Being in a **lively** place (a bit of mess, shelves or tables to be rummaged about, no bland atmosphere, closeness to other bargain hunters, considerable background noise...)

“when I see a store where you can see from the outside that everything is clean, well-defined, then I don’t want to enter it anymore. I prefer to go where you can hang about for a while, where you can look for things by yourself”



Thesis 5 : no job ≠ no influence

The male-female roles are dependent on, conditioned and transformed by unemployment.

No one gets over the unemployment period easily, particularly **men**, for whom it is a real personal challenge. **They lose their status of “money supplier for the whole family”** and their role of **protector**, which is a painful step for them to take. In the family circle, it is clearly not easy to live with those fathers or partners either.

By necessity and under pressure, they learn to see other aspects in the relationship with their partner, like for instance...

Peter, unemployed, his wife working. He cleans the WC and has got used to sitting down meanwhile to avoid making a mess all over the place: because he knows now what a job house-cleaning really is...

Some people, (trend-setters) manage to turn the unemployment period into a **positive** stage which is beneficial for the financial state of the family. They look actively for all the bargains, make in-depth price comparisons and often dare to haggle over. Markus has managed to buy a beautiful Miele washing machine for his family at Media-Markt and got the lowest price which he could find on the Internet.

Unemployment is more and more widespread in the mentalities in Germany (We have often heard: *'It can hit anyone'*); so it is likely to result in further transformations within the German society in future.

The unemployment phenomenon accelerates the (already started) **mourning** for **prosperity** (wealth and well-off society). Nowadays, both partners in a relationship have to contribute financially to ensure the wealth and even survival of the family (historically this had not been necessary in (western) Germany where the wife used to stay at home whilst the husband earned the money).

Hence, the eventuality of unemployment conditions the family-, life- and household planning and repartition.



EPILOGUE

The consumer behaviour clearly shows that the unemployed particularly **want to keep and preserve their contact with the society.**

The current debate around the fusion between allowances such as **Arbeitslosenhilfe** and **Sozialhilfe** sends a negative signal to the concerned population: for most of them, this implies an act of **exclusion**. The meaning of the allowance is changing from 'legitimate right' (*I paid my contributions*) to 'begging' (*I get paid*).

"With such allowances like the Arbeitslosengeld and the Arbeitslosenhilfe, it's OK because I know that I paid my contributions. So it's normal, but going to the social security, if one can avoid that...well, no, I wouldn't like it at all".

"for me it would be a step backwards, if I said that I have to be financially supported by the national security".

"Things are looking meagre at the moment. And if we are now being considered the same like those who only receive a minimum welfare payment (since they are not entitled to unemployment benefits), I wonder what we will be able to afford ourselves... I don't know this office (Sozialamt) I was never obliged to go there..."

Sociological and psychological consequences of this are to be expected. The following future scenarios, deliberately presented in a provocative way, should be considered:

- ▶ There is **increasingly less work** and work can therefore not be declared our **central value or a goal in life** anymore. A job for earning money and a vocation to follow a true interest will have to be seen as two different concepts.
- ▶ The 'bread-winner' function (the "food provider", the one providing the family with money) will not exist anymore for the man, as it used to in the former Western Germany. Men and women are affected by unemployment. The **"masculine" and "feminine" attributes continue to be diluted and merge into another** (see Séissmograph 2002), thus contributing to a considerable loss of landmarks.
- ▶ The unemployed person becomes more and more part of the "normal" society. On society- as well as family levels we observe less stigmatisation. Even the terminology is evolving: *unemployed* and *working* people do no longer exist, we now distinguish far more between **working and non-working periods**.
- ▶ No one can be certain to get a job which will correspond to his/her skills and qualifications. Some people will perhaps never work and others from time to time only.

Some possible consequences:

- ⇒ **Optimistic vision:** We are witnessing a revolution in mentalities: people do not (only) define themselves by their jobs any more. Men no longer need to be in paid employment to be considered worthwhile. Other functions, activities and occupations are starting to emerge.
- ⇒ **Pessimistic vision:** There are even more struggles for the distribution of wealth. The emigration of German citizens is increasing. Society has no more internal cohesion, casts and parallel worlds are appearing instead.

However, a significant lesson of this research in relation to social sciences and the market studies on consumer goods may be:

- ▶ **The economic importance** and the purchasing power of the unemployed today: they “acquire” the feeling of **belonging and being well assimilated to society** through consumption. They do not wish to give up the **world of fantasy** offered by brands.
- ▶ **What will be the consequences for the producers of goods and services? Will they find products which could be specific to this particular target group?**



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