

THE IMPACT OF THE ECONOMIC CRISIS

TOWARDS A NEW CONSUMER AND MARKET RESEARCH MODEL

*Peter Cooper
Simon Patterson*

INTRODUCTION

This paper is based upon ongoing qualitative and quantitative research, meta-analyses of published findings, semiotic analyses of media coverage, reviews of the literature, and discussions with psychologists dealing with symptoms. The psychological impacts of the Economic Crisis on mental health and social wellbeing were first discussed at the Annual Conference of the British Psychological Society in April 2009 (Cooper, 2009).

The purpose here is to explore the impacts of the Crisis on market research, and its future.

In brief, many people have been and continue to be profoundly affected. The term 'economic malaise' is used to describe the clinical condition involving fear, anxiety and depression. These symptoms interfere with personal, practical and social functioning. They also have a direct impact on shopping behaviours, future planning, brands, responses to brand communications, and attitudes to money. The crisis causes regression to safe, trusted brands along with a number of other coping strategies. Impacts vary by country and by demographics. Anglo-Saxon markets were the first to feel its effects but it is now global.

The Crisis has not happened in a vacuum. Many other issues like environmental concerns, social policies, public confidence and politics are implicated. Banks, Governments, Business and Consumers have been complicit, along with marketing and market research.

Looking to the future, the evidence suggests that the effects will be long-term. As consumers adapt to the Crisis, they express hopes for a cleansing and fresh beginning which will not simply revert to the past. Consumers are becoming more emancipated and motivated by a new combination of complex emotions, moral values and rationality. In our view this points the way towards a new model for market research which engages consumers more fully, treats them as 'citizens' and not just consumers, where they can collaborate and co-create products and services to meet these changing needs.

To gain further insights on how to achieve this, we have also looked at how psychology is changing to meet comparable challenges. A parallel can be drawn between these new consumer needs and changes in psychotherapy, and especially the emergence of Cognitive Behavioural Therapy (CBT). CBT is a significant tool for treating symptoms of stress. It uses many comparable methods to market research in data collection, but the difference is in interpretation. CBT is based upon a therapeutic healing model in which patient and therapist work together to challenge and modify behaviour. In particular, it works by modifying irrational thoughts and beliefs in order to provide balance between emotions and behaviour.

Our view is that these therapeutic principles apply to market research as consumers come to grips with the impact of the Economic Crisis on their lives. As we move

through the Crisis and beyond, this therapeutic model provides opens up rich opportunities for the development of market research practice to meet modern needs.

RESPONSES TO THE RECESSION

As news of the impending economic crisis broke last year with the collapse of Lehman Brothers, research from the American Psychological Association reported marked increases in depression and anxiety. Significant proportions of Americans were and increasingly are seeking out anti-depressants and mood stabilisers from their physicians, and treatments from psychotherapists to cope with the psycho-social consequences of economic stress. We have found similar patterns in the United Kingdom and other European economies, and increasingly around the world – a syndrome which is called ‘economic malaise’.

Symptoms of economic malaise include stress, anger, irritability, sleeplessness, unhealthy eating, some substance abuse, lowered cognitive functioning, weakening of the immune system with increased risks of heart attacks, obesity, and diabetes, and loss of libido, creating a potential vicious cycle of despair. Some experience

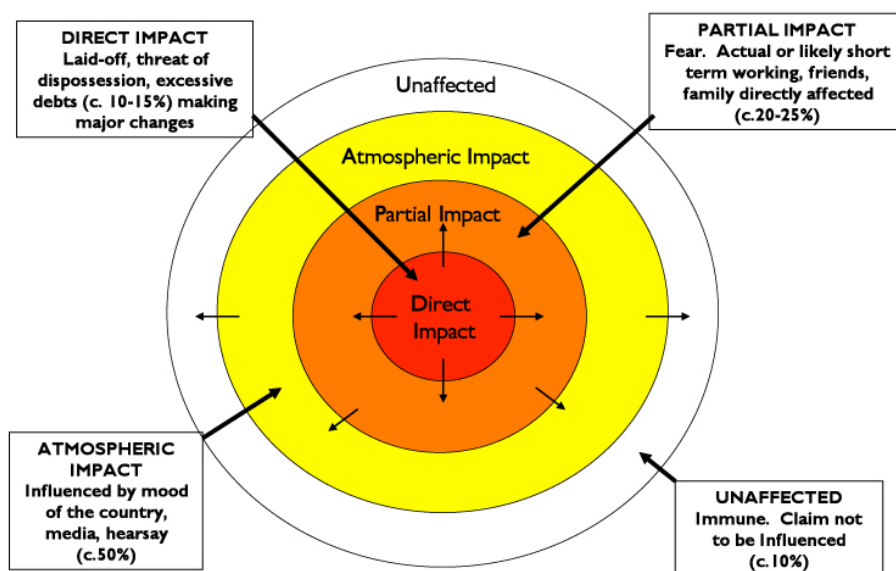
acute anxiety and nightmares about repossession and unemployment, similar to post-traumatic stress disorder or PTSD on a mass scale (Cooper, 2009).

Estimates suggest that in the United Kingdom, for example, 10% - 20% of consumers are at serious risk of such mental health disorders as the recession bites, but we also find that the effects are rippling out to most sectors of society (see figure 1).

The magnitude of these sectors of course varies between countries. The United States and United Kingdom have been heavily affected, but the ripple effect has been engulfing most markets around the world. Exact data on its speed and intensity is difficult to determine accurately, but at the time of writing it is still increasing. Although there are some signs of ‘green shoots’ and a slow-down of decline and recovery, most commentators assume it will take several years to reach the same levels as pre-Crisis. Further, that the scars of the Crisis will have long-lasting effects on consumer and business confidence.

On country differences, Jean-Marc Leger (2009) identifies several distinct groups of countries according to expectations of the future and purchasing habits.

FIGURE 1
IMPACTS OF THE ECONOMIC CRISIS



Amongst 25 countries involving some 20,000 representative citizens, some 43% overall are pessimistic about the future of their country. Pessimism is higher in the United Kingdom, France, Germany and Spain, but significantly less in India, China and Brazil. Levels of pessimism and optimism, he shows, vary according to the impact on the banking system and dependence on exports.

Beyond these economic influences, we also find that the impacts vary according to previous experience with depression or crisis. Some markets are more resilient, whereas the United States particularly and many Western European markets have been 'conditioned' by affluence and growing prosperity effectively since WWII. When the financial environment goes into crisis like now, western stress systems go into overdrive. Prof. Tom Cochran, Sloan School of Management at MIT, put it like this:

'The impact of the recession is due to the fact that most Americans have grown up in a period of relative prosperity with minor downswings in the economy. This is the first time people look at the situation and say we are all going to take a big hit in our standard of living, and we hope it doesn't snowball into something worse.'

If we take the BRIC markets, Eastern Europe and Russia, their prosperity has been on a shorter time-scale. Psychologically, therefore they are in a better position to cope. As one cynical Eastern European commentator put it, 'Crisis, what Crisis? Our lives are always in a Crisis!' Similar views have been expressed in South America and Africa.

Irrespective of country, there are four layers of effect:

1. 'Direct' – due to unemployment, business collapse, etc. Loss of income and what can be deep depression, 'bereavement processes'.
2. 'Partial' – increased risks of being directly impacted, some on short-term working, family / friends losing jobs. Taking precautions. Fear of 'being excluded' from the economy and prosperity.

3. 'Atmospheric' – not actually affected but influenced by media, government economic policies, etc. Taking measures, economising, changing priorities, making more conservative economic choices, avoiding display of their wealth, restrict conspicuous consumption.

4. 'Unaffected' – or immune, with some benefiting from the recession.

Amongst those directly or partially affected, the recession has brought into focus five deep existential fears of loss:

1. Loss of what you love, your home, employment, and ambitions;
2. Loss of freedom to make your own choices in life;
3. Loss of support and being alone;
4. Loss of self-respect in your eyes and others;
5. Most significantly, loss of meaning to life.

Increasing news of unemployment, business collapses, bank debt, government pay-outs, cut-backs and other media stories have been reinforcing depression and stress. Depression has always been the most common psychological disorder but now with the crisis it has deepened and widened to include many people who previously had been able to cope with the stresses of everyday life.

Unemployment specifically is associated with poor health and depression. When people are made unemployed there is a decline in health due to decline in income, but the key outcome is loss of self-esteem and status. In a recession, there is therefore a widespread decline in mental and social wellbeing (Oswald, 2009).

In these circumstances, managing debt assumes critical importance. Strategies include: maintaining appearances (especially for their children), abandoning orderly budgeting by 'robbing Peter to pay Paul', and relying on high-interest loans. Debtors adopt a 'debtor identity' which includes beliefs that debt is more widespread than it actually is, keeping up with 'affordable luxuries', and having unrealistic dreams of escape.

There are also demographic indications. Women appear to be better able to cope with the crisis than men. Men are more vulnerable to loss of job, and what it says about virility, whereas women gain more support from friends, family and neighbours. Older people appear better able to cope than younger, because they have been brought up with 'thrifty' values. Blue collar sectors cope better than white collar. Recent and future graduates are also profoundly affected by the recession, and anxious about lack of jobs and future financial security.

PRECEDING THE RECESSION

According to WHO statistics, English-speaking nations are twice as likely to suffer from mental illness as nations in mainland Europe. GDP may have gone up but the differences between rich and poor have increased, and most benefits have gone to the already well-off. The differences are hypothesised (James, 2008) to be due to 'Selfish Capitalism', i.e. British and US economic ideologies based on materialism or 'Reagan-Thatcher' Economics, which put people in those countries at greater risk of depression, anxiety, substance abuse, and personality disorder. He coins the term 'affluenza' to describe the ways in which materialism spread like a virus infecting Bankers, Governments, Business and Consumers alike.

Therefore the Crisis has not occurred in a vacuum. Over the last 10 or more years psycho-social indicators have demonstrated increasing public and NGO concerns about decline in moral, social and emotional values. Many countries report increasing social divisiveness, rising anger, increasing crime and violence, and criticism of authority.

We have also seen the growing importance of corporate ethics, environmentalism, and social responsibility. ESOMAR has held conferences on the subject. It is indeed also the topic of this annual 2009 ESOMAR Congress. The rise in interest in 'Lifestyles of Health and Sustainability' ('LOHAS') politically and commercially over the years is a further case in point.

The questions then are: Why have we resisted the warning signs? Why have we lacked the psychological

resources to cope? Why have we been preoccupied with financial success as a measure of emotional wellbeing? Our view is that the economic recession has been a catalyst for exposing these pre-existing or latent psychological vulnerabilities. It has accelerated developments that were already in evidence.

The current Crisis cannot be put solely at the door of Bankers. Government, Business and Consumers have all been complicit, feeding off one another, and had all reached an unspoken consensus in the same idea. Few chose to speak out about the likelihood of the current crash, or if they did most fell silent in view of the apparent prosperity. Government adoption of 'free' capitalism policies in the 1970s and onwards, business putting profit before investment, high levels of reward money managers to match rivals, are seen as likely causes. Consumers too have participated in what has been called 'MAD' - Materialism, Affluence, and Debt.

Marketing, advertising and market research all joined this 'bandwagon' encouraging 'herd' behaviour and 'keeping up with the Joneses'. Much seemed to be 'ok' at the time but have subsequently proved highly damaging for global society.

PSYCHOLOGY OF MONEY

It is important to touch briefly on this. Money is an intensely strong motivating force but, unlike other motivators such as food or sex, it has no apparent or direct biological basis. Money works because people trust it to work. Trust is a psychological phenomenon.

Rationally, money is a tool. We use money to gain access to goods, but this only partially explains why we are so motivated to obtain money. If money is just a tool, why does it have such direct and sometimes overwhelming effects on our behaviour and emotions? The current crisis would not have arisen if people treated money in a rational, instrumental way. Money bypasses normal instrumental processes and causes impulsive behaviour, overwhelming pleasure, or chronic withdrawal symptoms: money works like a drug (Lea, 2009).

It is clear therefore that money is also psychological as Nobel Prize-winner Daniel Kahneman demonstrated (Kahneman, 1992). Psychological effects help explain the causes, consequences, and likely future of the economic crisis. It also helps to explain the failure of pure economics. As Oxford Economics Professor Robert Neild has recently pointed out:

"Economics is, deservedly, a subject of disgrace. Its leaders are silent. As a result of persuasive advocacy by some (and silent complicity by most) the theory that financial markets should be freed has been applied with disastrous effect across the world." (Neild, 2009)

Economic theory assumes that all human beings are merely self-seeking individuals who spend their lives making 'rational' calculations of gains and loss, uninfluenced by the behaviour of others around them. It also assumes that the market will invisibly work in the same way. However in practice, these rational assumptions about 'homo economicus' are misleading, as the current Economic Crisis and consumer behaviour has demonstrated.

Experimental studies under the term 'Behavioural Economics' from the 1970s onwards have shown major departures from conventional rationality. People use subjective rules of thumb or 'heuristics' to take economic decisions; they are averse to immediate risk; they are influenced by what others do and are hostile to cheating; people also are unsystematic in weighing up immediate or long-term outcomes, usually greatly undervaluing outcomes in the more distant future, hence problems over pensions. They care about how large their income is relative to others around them, leading to 'keeping up with the Joneses' (Thaler and Sunstein, 2009)

Studies on 'Happiness' reveal further subjective effects. 'Happiness' is only loosely correlated with economic wealth. Above a certain wealth, increases in financial wellbeing do not increase psychological wellbeing. Americans who earn \$50k p.a. are much happier than those who earn \$10k p.a., but those who earn \$5m p.a. are not that much happier than those who earn \$100k

p.a. Wealth has 'declining marginal utility'. It is also the case that individuals in poorer countries above a certain level are not necessarily unhappier than those in richer countries.

This raises profound issues: economic growth versus psychological wellbeing. Adam Smith, the founder of modern Economics, put the dilemma in the 'Wealth of Nations' two or more centuries ago:

"The desire for food is limited in every man by the narrow capacity of the human stomach; but the desire of the conveniences and ornaments of building, dress, equipage, and household furniture, seem to have no limit or certain boundary"... "The pleasures (and deception) of wealth and greatness...rouses and keeps in continual motion the industry of mankind." (Smith, 1776)

CONSUMER DYNAMICS

Consumers have differed in how they respond and progress through the Crisis. After the initial denial, anxiety and depression set in. Two broad reactions have occurred, one immediate based on fear, and the other longer-term based on hope.

Fear

The more depressed blame others and withdraw into fear and self-pity. The economic crisis is 'deserved punishment' for 'past excesses', along with what has been described 'an ugly egocentrism' or 'protectionism' in the workplace and in consumption. In this state of fear, people inevitably regress:

- Guilt and retribution to justify what is happening;
- They seek out scapegoats to blame like Bankers;
- Look for trust in traditional, solid values and brands;
- Withdraw to the home and traditional values, they want 'parental-figures' like familiar brands to protect them;
- Thinking becomes more concrete and price-focused;
- Moral attitudes become more 'black and white';
- But at the same time paradoxical irrational consumer behaviours also occur, e.g. excessive risk-taking, drinking and escapism.

Hope

But for others, the economic crisis is turning into hope, a 'healthy cleansing', a 'new beginning', promising new opportunities, togetherness, and renewed community spirit, a more positive, progressive reaction. The characteristics are:

- Beliefs that something "good" will come out of it;
- Taking pleasure in economising, saving and cutting down on "unnecessary" expenditure, going back in time to early generations where frugality and prudence were required;
- Avoiding waste and sheer disposability, paying renewed attention to the environment, being more "responsible";
- Spending more time at home, eating together, watching more in-home entertainment together;
- Recognition that a new reality is required to get more "meaning" out of life;
- Creativity also increases;
- Rather going over old ground, backward-looking, or blaming, they are more 'solution-focused';
- Instead of 'happiness' based on indulgence, the crisis can create new, positive personal and social solutions;
- But here too we can see paradoxical behaviours, e.g. private indulgences and rewards for being careful and frugal.

Both sets of symptoms and consumer behaviours have become familiar in the marketplace, or blends between the two. The former are most obvious amongst those

directly affected by the economic downturn that are experiencing economic hardship. The latter are more likely amongst those in the 'Atmospheric' category.

Here are some typical examples of how people visualise their feelings, using the method of psychodrawing which is a familiar market research projective technique and also commonly used in psychotherapy to assist people to download their inner feelings. Respondents were first given blank sheets of paper and crayons and do some simple exercises. They then separate fresh paper into three: in the middle, how they feel about the current crisis, on the left their pre-crisis feelings, and on right their post-crisis feelings and wishes. (See figure 2.)

Media discourse has a powerful influence. At early stages, blaming, fuelling anger and fear, but more recently looking for solutions, "we are all in it together", guidance on beating the credit crunch, "little changes are worth a fortune", reinforcing hope, togetherness, and possibilities for a better future.

Figure 3 is an example of media stories in the United Kingdom around April 2009. Notice the strong rhetoric – 'Flush away this cesspit of greed', 'Britain faces summer of rage', 'Credit Crunch stopping half of us sleeping', 'Biggest drop in spending for 18 years', 'Tougher controls', 'Mess', and so on, whipping up people's anxiety. Other headlines in other markets reflect and determine local attitudes and behaviour.

FIGURE 2



This is an inner-core example of a 50-year old man ('Ian') who portrays the crisis as pressure on his future pension. His company is failing, and his face misery. He looks back romantically to life before the crisis. What will it be like post-crisis? It is a source of acute anxiety.

FIGURE 2



Here is a 40 year-old single Mum ('Jill'). Pre-crisis life was largely sunny and safe. But then she sees the sharp arrows of the crisis attacking her. Emotions of fear create physical pain in her lungs and stomach. Like some others she idealises the future as a complete change to a world of love, caring, or 'Gaia'.



This example is from a younger woman ('Sharon'). Before the crisis she visualises life as like a magic carpet, togetherness, colourful. But now in the crisis her mood drops sharply. Some things are now banned and you can't go back. In the future, her life curve goes up with new horizons and opportunities, but now with her eyes wide open.

FIGURE 3
SAMPLE MEDIA COVERAGE



Unlike previous recessions, the presence of 24/7 communications has also spread news and rumours very fast, increasing group (or 'herd') behaviour and anxiety. On the other hand, some internet forums, blogs, e-communities, and support groups have sprung up to diffuse the anxiety. Many retailers too now assist by guiding customers to offers and budget lines, with practical advice on coping.

FUTURE EXPECTATIONS

The metaphors and stories people tell often use a 'U'-shaped or 'W'-shaped form (figure 4). Life has dropped suddenly from the past, there is a bumpy bottom, and then an optimistic rise is expected in the future. The crisis itself is "a burden", "a weight you have to live with", or "like an incoming tide that's going to overcome you", or "dark clouds, big and menacing".

But there are positive challenges, "something you've got to put your head down and get through". Biblical or moral metaphors occur: "it's like the Great Flood washing away impurities", "we need the Ark". These images and metaphors are useful ways of sharing people's feelings, and can of course in psychotherapy be therapeutic. Many look for leadership in achieving a positive future, not a return to pre-crisis.

People assume life will get worse before it gets better, and as Economists point out such recessions are cyclical. But the question is: Will the values Post-Crisis be the same as those Post-Crisis?

From a psychological perspective, the predictive course is likely to be:

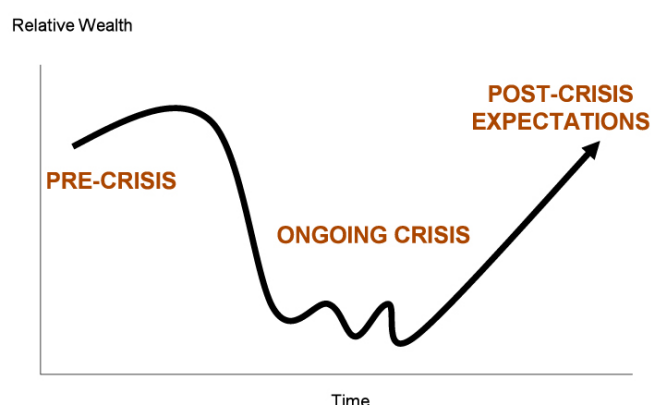
- Shock
- Fear, anxiety, depression
- Guilt, cleansing, punishment, blame
- Living with uncertainty
- Growing confidence
- Recovery
- New values – hopes for a 'Future Economy', not a simple return to the past

Consumers in the United States and United Kingdom, for example, currently appear to have reached stages 4 or 5. It is widely predicted that even given recovery, growth will be patchy creating conflicts between 'haves' and have-nots.

However, crises in life are both inevitable and desirable. They provoke change, paradigm shifts, creativity, development, learning, coping and progress, and in this sense are desirable. John Kearon (2008) has drawn up examples of famous entrepreneurs who in fact gained success through previous failure.

Although experiencing crises can leave deep scars and traumas – shock, hopelessness, depression, and in extreme suicidal thoughts – most clinical studies show that people can find a new meaning in suffering, a will to succeed, to rise above circumstances, and 'discover an adequate guiding truth' (Frankel, 1965). Morals also have played a part in this recession as to whether consumer,

FIGURE 4
'U' OR 'W'-SHAPED CURVE



business and political decisions made were right or wrong. At this moral level, a sense of moral failure is believed to facilitate moral growth (Anna Abram, 2008). Our impression is that out of these senses of financial and moral failures, reinforced by the threats to the environment, people are ready for what many call a 'new beginning'.

CONSUMER PSYCHOLOGY

Over the last decades there has been almost an obsession with emotion. The market research world and our conferences have spent a vast amount of effort on developing methods to assess and measure hidden 'emotions'. We too have been part of this endeavour in various ESOMAR and other papers, but the nature of these emotions have changed with the economic crisis.

The consumer has been treated by marketing and market research as a source of hidden emotions which can be revealed and subject to manipulation. This philosophy has a long history going back to motivational research and the Hidden Persuaders, and more recently by the views of neuro-scientists like Antonio Damasio who famously wrote '90% or more of our decisions are based on unconscious emotion'. However, he could not say what types of emotions.

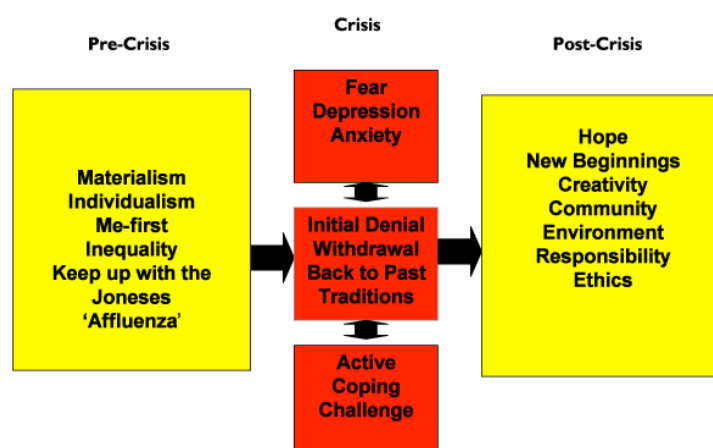
So what has changed? First, there has been a shift away from extravagance and indulgence. Pressure on budgets has seen to that. Second, there is fear of loss at

a primitive and raw level. But third, there is demonstrably emergence of a new beginning, hope and healing as consumers have adjusted to the crisis. The full extent of this will of course be dependent upon economic factors but the signs are that consumers are and will cope in a new way (see figure 5).

Pre-crisis, psychological market research methods were largely about digging into the unconscious mind to reveal 'id-like' nuggets of emotion. At the early stages of the crisis, consumers were effectively telling us 'move over emotion, it's time for cognition', 'scrap brand image, help me with my budget'. Now as we adjust and seek new beginnings, new realities set in. This is not to say that emotions will not be present, rather they will have a positive quality. Bluntly, it is a shift from 'greed', 'selfishness', and 'me-first' to 'ethics' and 'us'. The effect is a blend and balance between rationality and emotion.

The crisis is bringing about a 'paradigm shift' of how people think and feel about their lives, moral codes and ethics, but many lack the psychological resources and therefore regress to past uncertain solutions. Consumers are no longer driven by emotions of materialism, possessions and desire, but by fear initially and then by hope. As a consequence of the Crisis they are looking for commitment to an ideology of respect, protection against adverse exploitation, and beliefs in the fulfilment of the human and ecological condition, and not a naïve return to the past nor 'dumbing down'.

FIGURE 5
RESPONSES TO THE CRISIS



What type of 'paradigm shift'? The work of German philosopher and sociologist, Jurgen Habermas is inspirational here (Habermas, 1971). Habermas argued that there are three levels or domains of knowledge, each with their own interests, power and applications, and research methods. We can transfer these to market research:

- *'Technical' knowledge* which seeks to describe and control the world through logical positivistic scientific methods. This is comparable to much quantitative market research. The knowledge gained wields great power by revealing concrete data on how sales are affected by marketing, pricing, and distribution inputs. It identifies the physical rules of marketing. Physics, chemistry and biology belong to this domain.
- *'Practical' knowledge* which identifies the socio-psychological rules of interaction and communication. This is the domain of much qualitative research. Its power lies in describing and understanding subjective feelings, natural language, motives, norms, and social interactions in response to products, brands and communication. The descriptive social sciences, ethnography, social psychology belong to this domain.
- *'Emancipated' knowledge*, which is the new insights people have into themselves, their roles, and motivations. Its difference from the first two domains is that Consumers are empowered and liberated to a degree from marketing as we know it. Its power then lies in freeing people from earlier assumptions and rules. Education, psychoanalysis, critical art and social criticism all fall into this domain.

This third level does not imply the absence of emotion, on the contrary 'emancipation' is driven by emotions but there is a new vision, to achieve new goals and avoid failure. At this level, these emotions can now be made more explicit in branding and communication, in keeping with these new core values. Researching this domain can be qualitative or quantitative. The criterion is providing insights into how products, ideas, brands and communication will help consumer desires for emancipation. The alliance between researcher and

researched is critical as in psychotherapy.

All three levels have their place in market research, but the impact of the current economic depression, increasingly rapid social change, and the ongoing increasing threats to the environment, all pointing firmly to the third domain as providing a model for the new consumer and market research.

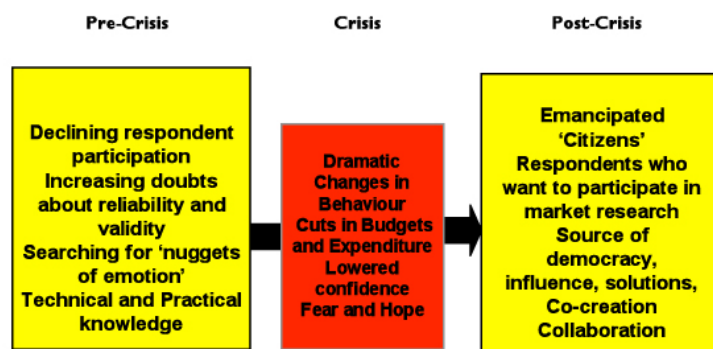
At this third level, the term 'Consumer' of course is not an adequate description. New consumers take on wider roles beyond consumption of goods, as 'Citizens'. They consume and influence social policies and politics, and these also influence their consumption of brands, communication and relations with corporations. Simon Chadwick, James Fishkin, and Don Tapscott (Research World, May 2009) all draw attention to the importance of research in representing people as 'Citizens' and not just 'Consumers'. This wider perspective is recognised in the 'Emancipated' consumer.

NEW MARKET RESEARCH

Pre-crisis, the emphasis was on measuring brand and product attributes largely relevant to materialism, acquisition, possessions, display, fashion, and individualism. As has been put, it was a 'Me-first' economy. Much of the effort of market research was to identify new opportunities, uncover emotions, and reveal competitive weaknesses, and to assist marketing strategy and tactics based subtly or openly on these 'id-like' emotions. In the future we predict that cognition, rationality, and moral values will hold more sway. Emotion, irrationality and the so-called 'animal spirits' will still play their parts of course, but in a more thoughtful, sophisticated and liberated post-crisis world.

We summarise these changes in values for market research in figure 6. Whereas pre-crisis market research was suffering from declining respondent participation and increasing doubts about its reliability and validity, the crisis is forcing a change. Instead of searching for 'nuggets of emotion' and being limited to purely technical or practical knowledge, respondents will be more emancipated 'citizens'. The new positive post-crisis

FIGURE 6
PAST AND FUTURE MODELS OF MARKET RESEARCH



values provide opportunities for engaging and motivating respondents to want to participate in its democratic, participative values.

'Technical' and 'Practical' market research will of course still be required, but in the post-crisis era of hope and new beginnings, we find consumers increasingly want solutions to the deep existential angsts that the economic crisis has brought into focus:

1. Giving fresh meaning to their lives
2. Maintaining their freedom to make their own choices in life
3. Sharing their feelings with others in their local and wider communities
4. Holding themselves in self-respect despite economic pressures
5. Retaining things and ideas they hold dear

In view of their importance in people's lives, marketing and market research are in prime positions to satisfy these emotional needs which have been threatened by the recession. They call for a radically new positioning and a new realism.

There are also methodological consequences. Data collection can now be open to the impact of the recession on everyday lives on category and brand behaviour, even if there is an initial denial. Consumer ideals also have become more realistic. Projective and other elicitation techniques can focus on solutions to these deep-seated

concerns, rather than on pre-crisis fantasies. Consumers, researchers and marketing can then work together in a new common alliance.

Social support cannot be under-estimated in the modern world of anxiety and hope. Community actions, relationships and commitments, off and online through networking, blogs, etc., all help reduce feelings of loneliness and powerlessness. They also of course extend people's wellbeing through contacts with friends and relatives. Clearly these communities are not only of interest to corporations and brands, as Obama's recent election demonstrated. Our point though is that they provide real therapeutic benefits to people participating in them.

Market research is not alone in trying to redefine its role and relevance in the modern world. As we have seen, this is certainly true of economics where Keynesian thinking and governmental intervention to control 'animal spirits' is now re-asserting itself after several decades of what many regard as the 'disastrous free market of Reagan-Thatcher style economics' (Akerloff and Schiller, 2009). Politics too is undergoing massive changes in citizen participation and democracy, let alone major developments in environmental issues, global warming, education, biology, neuroscience, physics, computers, and increasing concerns about ethics and responsibility. All of these changes are bona fide subjects for market research since they impinge on consumer behaviour and are affected by the economic crisis.

LEARNINGS FROM PSYCHOTHERAPY

The Economic Crisis has and is creating profound changes in consumer psychology. Consumers are passing through waves of anxiety, depression, fear, and hope. The Crisis has pointed up the weaknesses in free-market economics and the importance of governmental intervention. It has drawn attention to false ways of thinking about money, and concerns about sheer indulgence. It has shown how loss of confidence multiplies and ripples across consumer markets creating fear even amongst those not directly impacted (cf. figure 1, the 'atmospheric' effects). People experience regression, guilt, and blaming on the negative side, and responsibility, increased togetherness and care on the other. As people adapt to the Crisis, they are seeing benefits from it, learning, adapting, and seeking positive new futures for themselves and ideally compassion for others.

Much of this is familiar in psychotherapy. Symptoms are similar, and in fact as noted, treatment of 'economic malaise' is now an increasing part of psychotherapy practice. If we take a step back from specific consumer symptoms and experiences, they are very similar to those which are found in psychotherapy.

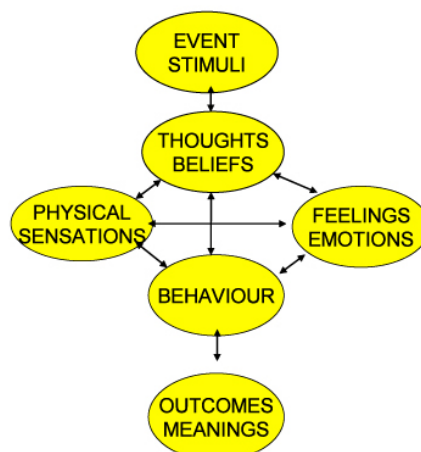
There is much in common between market research and psychotherapy. To start with, they use similar

methods of data collection, interviewing, observation and analysis. They are both applied methods, judged by their success. True, differences lie in their objectives. Market research is about securing commercial advantage to clients. Psychotherapy is about securing harmony between people and the worlds in which they live. But both share common goals of change.

Our view is that much marketing is a form of psychotherapy, and therefore we can learn from advances in psychotherapy. Conversely, psychotherapy can learn something from market research in that market research recognises that consumption is a key component of people's lives.

Modern psychotherapy, or Cognitive Behavioural Therapy (CBT), treats depression, anxiety, mood disorders, post-traumatic stress, etc., by putting the priority on modifying thoughts and beliefs. Thoughts and beliefs create distortions in feelings and behaviour, rather than the other way round which is the traditional view. By bringing these distortions into conscious focus the mind can challenge irrational or undesirable behaviours and improve quality of life. People can then 'rethink' their non-adaptive habits and change the way they feel about things, ideas, and concepts. The CBT model (figure 7) looks like this:

FIGURE 7
COGNITIVE BEHAVIOUR THERAPY MODEL



Out of interest, psychotherapy services like market research are also caught up in the costs of provision. Forms of CBT are now recommended by medical authorities in the United States and some European countries (e.g. UK National Institute for Clinical Excellence, or 'NICE', for whom it is the preferred method) as offering better value for money than traditional services like psychoanalysis or pharmacotherapy. CBT effectiveness is evidence-based from controlled trials comparing it with pharma and other psychotherapies.

What can we learn from CBT? As noted, both share similar methods, in-depth interviews, groups, online interviews and structured interviews. They also both use projective and elicitation techniques, metaphors, storytelling, role-playing. CBT interview is also goal-oriented and future-focused. Both are concerned with engineering change. The difference is that CBT uses a biopsychosocial therapeutic model of healing, whereas market research uses a traditional marketing model based on control. It is in its model and application, as well as some of its techniques that we can learn from CBT and other psychotherapies.

Historically, CBT originated as a reaction against psychoanalysis which emphasises the role of early unresolved and unconscious conflicts as determinants of how we feel and behave. Behavioural therapy entered to stress the role of learning and teaching people to change and modify their behaviour. The key pioneers were Albert Ellis in the 1950s using the term 'Rational Emotive Behavioural Therapy (REBT)', and then in the 1960s through Aaron Beck who coined the term 'Cognitive Therapy' (CT). Both were originally trained in psychoanalysis.

'Cognitive Behavioural Therapy' is the generic term for the combination of these approaches. CBT is about correcting faulty rational or 'cognitive' thinking as the term suggests, but is also about helping people understand how they have become 'trapped' and how they can find ways out of those traps. This involves exploring early unresolved conflicts as well as responses to current situations.

Figure 8 provides two very simplified examples of how CBT works, one for a patient and the other for a customer.

FIGURE 8
CBT AND MARKET RESEARCH: SIMPLIFIED COMPARISON

Psychotherapy	Market Research
Event: - Friend passed me on the street without acknowledging me	Event: - I chose the cheapest cereal brand because it was on offer
Beliefs: - He ignores me, doesn't like me (inference) - I must be worthless (self-evaluation) - I want people to like me (core belief)	Beliefs: - Kids won't like it (inference) - I'm hopeless (self-evaluation) - I want my kids to love me (core belief)
Emotional consequences: - I feel hurt, depressed	Emotional consequences: - I feel guilty, a 'bad Mum'
Negative Behaviour: - Avoid people	Negative Behaviour: - Loose control of budget
Patient Therapy: - Develop therapeutic alliance - Introduce idea that emotions and behaviour are caused by beliefs and thinking - Explore form of distorted thinking - Rethink and act out alternative strategies - Adopt positive solutions to meet core goals	Consumer Therapy: - Develop consumer alliance - Introduce idea that emotions and behaviour are caused by beliefs and thinking - Explore form of distorted thinking - Rethink and adopt new Concepts - Adopt or revise concepts to meet core goals

The task of the therapist is:

1. To identify perceptions of the event and the resulting behaviour, its outcomes and meanings, and create a formulation of the issues;
2. To determine with the participant the thought processes, beliefs, physical sensations, and feelings which connect the event and the behaviour;
3. To put forward alternative thoughts, beliefs, and emotions in order to create improved outcomes for the patient or consumer.

This is precisely the Brief for much market research.

Learning from psychotherapy:

1. Products and services (brands, ideas, concepts, etc) are 'mental tools' to achieve psychological wellbeing;
2. Successful brands have a positive therapeutic function by integrating them into core consumer thoughts, beliefs and emotions;
3. Usage and attitudes can be modified by helping consumers to rethink their beliefs and emotions;
4. Unlike much market research, physical (body) emotions are also recognised as important in determining reactions;
5. The actual and perceived social environment plays a significant part;
6. The researcher actively helps consumers to adopt and live with ideas.

This type of model is not only specifically relevant to the 'emancipated' consumers described earlier, who want to re-evaluate their lives. It is also applying to the Crisis and Post-Crisis worlds generally. It also has its precedents: for example, in the developing field of 'deliberative polling' in which citizens actively participate in changing their socio-political environments.

CBT is not without its critics. If simply or naively done, it can be superficial. The same applies to its applications in market research.

But by focussing on beliefs and thoughts the method can modify emotions and produce more adaptive behaviour. CBT is also supported by neuro-science developments, i.e. that distorted emotions at the back of the brain in

the limbic system are often the cause of maladaptive behaviour. By reprocessing the cognitive functions of the frontal cortex, people can take control over their fears and realise their hopes. These are the ambitions of marketing too.

CONCLUSIONS

That we are in the midst of a crisis is well understood. This is not just short-term like many of the previous recessions. Some economists and politicians claim it will rival The Great Depression of the 1930s, and could be the worst recession in 100 years.

For the last few decades, Europe, the United States and other Western economies experienced increasing prosperity. Materialism has boomed. Then in September/October 2008 (if not earlier) all the indicators started to go in reverse. Anxiety and depression set in producing massive demands on business and on psychological resources of consumers to cope. Impacts have been sharp in the United Kingdom and United States, but the same principles we believe are, and will, apply globally as the crisis ripples out.

The economic crisis did not occur in a vacuum. Preceding political and economic policies caused an 'affluenza' in which materialism spread like a virus. To varying degrees people are directly or partly impacted, or experiencing 'atmospheric' effects. Dominant feelings to start with are fear, anxiety and depression, or acute and chronic 'economic malaise'.

But crisis is not all bad. It encourages hope, creativity and belief in 'new beginnings' for the post-Crisis world. This brave new world according to consumers will not just be a return to past 'me-first' values, but will require new ethics, new corporate responsibilities, and new ways of dealing with environmental and social threats, and a new democracy in which market research, co-creating and collaborating can play a significant part.

These changes are forcing unprecedented new models in the worlds of economics, politics, and marketing. In market research too, the indications are that we need to develop a totally fresh and relevant perspective of

what market research is and what it is for, in order to meet these new needs of both consumers and business.

People are becoming 'citizens' not just 'consumers'. Business too is demanding close attention to risk management. Previously it was sufficient to collect quantitative information and qualitative insights. Now the new and future consumer, pressured by the crisis, distrusting authority and even money, and wanting environmental and social solutions, is increasingly liberated, empowered, and demanding. The new 'Citizen-cum-Consumer' is often disturbed, anxious, and depressed, but now wanting positive solutions and wellbeing.

In other words, the modern consumer is looking for more from conventional marketing and market research. The new consumer is moved by more sophisticated emotions, a new morality, and 'intelligence' about life as a result of the Crisis.

The economic crisis has therefore accelerated demands for a 'new' market research: new methods of data collection, new respondent engagement, new analysis, and new relevance to marketing and social decision-making. These needs bear a striking similarity with modern psychotherapy, in particular Cognitive Behavioural Therapy (CBT).

We recommend looking closely and creatively at CBT. It produces provocative solutions on how to treat people in crisis and post-crisis, which have parallels with market research. In particular, it shows how modifying consumer thoughts and beliefs about brands will predict adoption and loyalty. Key beliefs touch the gut and the mind. The therapeutic model involved has, we believe, something significant to offer to market research.

Returning to our main theme, John Hayes, CMO of Amex poignantly put it this way:

'The consumer you thought you knew pre-recession can be almost unrecognisable'.

President Obama in his inaugural speech inspired the nation and the world like this:

'We have chosen hope over fear, unity of purpose over conflict and discord'.

Our analysis is inevitably work in progress as we learn more about the far-reaching impacts of the Economic Crisis on consumers. What is clear is that the wellbeing of Citizen-cum-Consumers and their Brands, and of marketing and market research, will depend on the outcome.

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The Authors

Peter Cooper is Founder, CRAM International, United Kingdom.

Simon Patterson is Managing Director, CRAM International, United Kingdom.