

Money can't buy me love

Business psychologist **Peter Cooper** and qualitative researcher **Simon Patterson** look at the economic crisis through the values, fears and aspirations of consumers and provide insights into how marketing can best reflect the reality people hope for post-recession

TRUE, THERE are green shoots. US job losses are slowing. Western countries are coming out of recession, and BRIC growth is recovering sharply. UK manufacturing is rising. Consumers and businesses worldwide are slowly gaining in confidence. But – and it is a big but – growth is fragile and supported by huge Government debt, credit conditions remain tight, and consumer expenditure is still limited. Severe aftershocks may be expected.

Much has been written and said about the crisis from an economic and political perspective. Here we look at the crisis through the minds and hearts of consumers.

Action for marketing

Our purpose is to understand what they have been through, what they expect and what they want from the post-crisis world. And on that basis we aim to draw out some actionable conclusions for marketing and research.

Our analysis is based upon ongoing qualitative, ethnographic and quantitative research, together with semiotic studies of how branding and advertising are changing.

Our view is that consumers will come out of this emotionally, socially



and culturally fitter. But a crisis opens up major opportunities for marketing, branding, communications, and market research for the future human good. However, to achieve that we also show that profound changes in marketing and research practices are needed to meet the needs of the post-crisis consumer.

The crisis did not occur in a vacuum. Over the past 10 years public surveys have warned of increasing social divisiveness, rising public anger, eco concerns and distrust of authority.

The economic crisis has been a catalyst for exposing these pre-existing vulnerabilities. It came at the end of other world-shattering events – 9/11, terrorism, natural disasters, global warming and continuing war.

Material boom

For the past few decades, the UK, US and other Western economies experi-

enced increasing prosperity. Materialism boomed. Indulgence, individualism, greed, me-first and 'keeping up with the Joneses' held sway.

Then, in September 2008, Lehman Brothers collapsed. Anxiety and depression broke out, producing heavy demands on people's economic and psychological resources to cope.

Many are still in a state of fear for the future. Others feel it is cleansing. Yet others are turning to past values. Virtually all express wishes for a new beginning or a new reality, a shift from fear to hope.

Hence President Obama's proclamation in his inaugural speech early on in the recession: 'We have chosen hope over fear, unity of purpose over conflict and discord.'

Social problems

Studies of previous recessions predict the following: first, negative growth, rising unemployment, reduced household expenditure and loss of confidence. Second, slow growth returns but unemployment stays high, carrying with it increasing social problems and rising crime.

Third, healthy growth returns but remains patchy, involving long-term

unemployment, dependency on Government, and social divisiveness.

Society breaks up into unstable 'haves', 'have some', and a distinct sector of 'have none', at least as far as credit is concerned.

But out of it comes hope for new beginnings. In fact, many studies from past recessions demonstrate how companies that have invested in their brands have surpassed their rivals after the crisis.

Segmentation

Although exact data on its speed, decline and intensity are difficult to determine accurately, we estimate that in the UK and US some 10-15 per cent of the population have been directly affected through lay-offs, dis-possession, and forced into onerous debt repayments, voluntary agreements or bankruptcy.

A further 20-25 per cent have been partially affected through short-term working or where their family or friends have been directly affected.

But even among those not materially affected – around 50 per cent – there is an atmospheric effect. People here are economising, changing priorities, making more conservative choices, avoiding display of their wealth as a result of social pressures, media, and the national mood.

Only some 10 per cent appear unaffected or actually benefiting as a result of accumulated wealth, contractual employment, lower mortgage and interest rates, and even they are sensitive to displaying their luck.

Psychological effects of the crisis have brought about marked increases in anxiety and depression, use of anti-depressants, mood stabilisers and psychotherapy by those most severely affected (see, for example, the NHS Credit Crunch Stressline).

The symptoms of current economic malaise, however, go well beyond these to include anger, guilt, strained relationships, fear of the future, impaired coping with bills and debt, physical distress, disturbed sleep,

unhealthy eating, excess drinking and substance abuse. These symptoms are not limited to those suffering direct impact but have rippled across society as a whole (1).

We find that men are more vulnerable to loss of job and virility. Unemployment, or the risk of it, is a major source of mental distress.

Women gain more support from their community. Older people brought up with thrifty values cope better. Blue collar sectors often cope better than white collar. Young people and recent graduates are being particularly affected and are deeply anxious about their futures.

Of course there are geographic differences. Impacts were immediate and greater in the US and UK, but also have reverberated in France, Germany, Italy, Spain and Japan, and in most countries throughout the world because of their interconnected economies.

In some, like the BRIC markets, prosperity has been on a shorter time-scale so that psychologically they are in a better position to cope.

As our Eastern European and Latin American commentators put it, 'Crisis, what crisis? Our lives are always in a crisis.' They are therefore more emotionally resilient, over and above differences in local banking regulations and fiscal control.

Complicit contagion

The crisis cannot be put solely at the doors of bankers. Those of us in marketing, communications and market research were also complicit. All joined the bandwagon or herd behaviour in the rush towards materialism,

indulgence, and keeping up with the Joneses. And all have suffered, or are still suffering, the consequences

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.

Consumers participated in the same spree on capital goods, homes and luxuries. Many are now aware of how they succumbed, hence their anger at others and guilt at themselves. And wishes for a new and clean beginning.

Mental illness

Significantly, the English-speaking nations, the US and UK particularly, are twice as likely to suffer from mental illness as nations in mainland Europe (World Health Organisation data). GDP went up but differences between rich and poor increased, and most benefits went to the already well-off. This point is captured by clinical psychologist Oliver James, who aptly coined the term 'affluenza' to describe the way in which materialism spread like a virus through American and British societies, putting them at greatest risk of economic malaise (2).

Although during interviews there is a temptation by consumers to deny these effects, probing beneath the surface reveals deep traumas.

What has life really been like living in the crisis? It differs of course according to where you are on the crisis ripple.

Before the crisis, life was like a magic carpet, colourful and transporting. But in the crisis the mood drops sharply. There are ups and downs, hopes, question marks and challenges. Some things are now possible but it is

Women gain more support from their community. Older people brought up with thrifty values cope better. Blue collar sectors often cope better than white collar. Young people and recent graduates are deeply anxious about their futures

one way, you can't go back. In the future the life curve goes slowly up. There are new horizons, opportunity and possibility, but now cautious with your eyes wide open.

The metaphors and stories people tell often use a U-shaped or W-shaped form. The future will be up but different, a new beginning is wanted. That is, life dropped suddenly from the past, there is a bumpy bottom, and then a slower optimistic rise is expected but to a different 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.

Early on, it was like dark clouds, big and menacing. But there are also many positive challenges, something you've got to put your head down and get through.

Senses of guilt

Biblical or moral metaphors occur too, it's like the Great Flood washing away impurities, like the Ark. Buried in many people's feelings are senses of guilt at their own past indulgence, and blaming of bankers or Government.

Visualisation (or psychodrawing™) techniques are not only instructive for understanding and relating to consumers' experiences, but powerful analytic tools in their own right for marketing management and research.

They can be used to diagnose what brands fit the future and how brand positionings need to be modified.

Take, for example, the confectionery category. For some sectors, luxury pralines were the magic carpet pre-crisis image, but the stress of the crisis shifts to cheaper chocolate bars.

Post-crisis the consumer wishes to feel good and create new visions with organic ingredients.

Consider financial services. The pre-crisis magic carpet here is clear: borrowing without too much concern. In the crisis images, financial stress, insecurity and distrust of banks take dramatic priority. Post-crisis the need is for caution and a back to basics image is called for.

Once the credit crunch began to bite, primitive consumer needs were exposed and still are for those at the eye of the ripple. Drivers we found after the first shock of the crisis were:

Regression

- Home, comfort, food, senses

Back to basics

- Traditional brands, nostalgia

Price

- Economy, value

Fear

- Withdrawal, avoid the new

Safety in numbers

- Join others, avoid display

Escapism

- Temptations, risk-taking

Most regressed and went back to basics emotionally. Price, economy, value, deals, more-for-less, and the magic £1, \$1 or €1 offers took priority. Consumers withdrew from the new and took safety in numbers.

Advertising which featured glamour, sheer indulgence, materialism, display, keeping up with the Joneses and sheer kitsch were out.

But at the same time they allowed occasional temptations as rewards and escapism.

Brands have become allies, your friends in the crisis. Retailers have

been quick to realise the potential of these friendly labels.

Post-crisis needs

As we progress to post-crisis our analysis indicates the following psychological territories are evolving, some echoes of the past and others new:

New realities

- Questioning values, re-evaluating

Ethical dimension

- Responsibility, respect

Wellbeing

- Health, happiness

Reform

- Creativity, hope

Communities

- Caring, support

Self

- Knowing your secrets, self-help

Probing more deeply, people's existential wishes are:

- Fresh meaning to their lives
- Freedom to make their own choices in life
- Deep connections with others
- Self-esteem despite economic pressures
- Retaining their own identity.

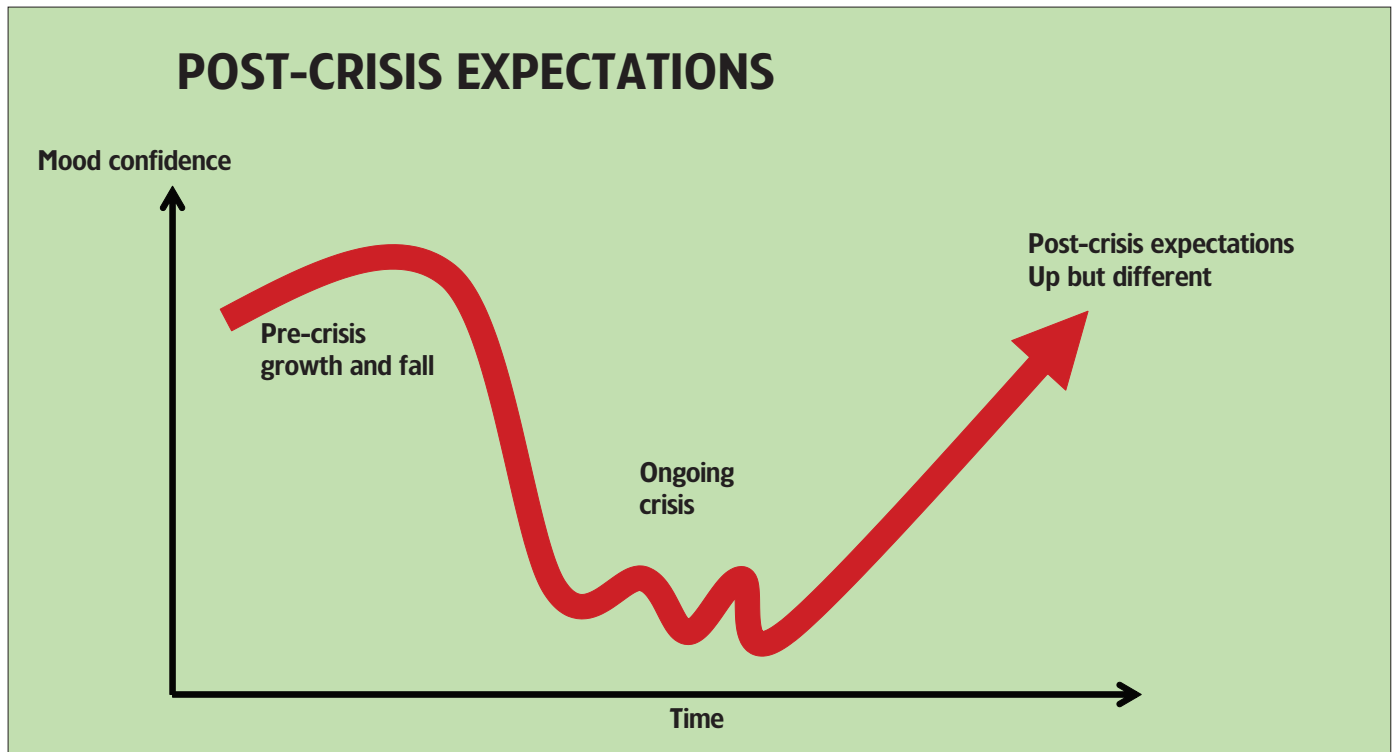
Post-crisis marketing

This calls for new marketing and new research. It calls for marketing to meet these needs for a new reality, for market research to review its methods and priorities since it is suffering from declining participation, doubts about reliability and validity, and a model often looking for 'id-like' nuggets of outdated emotion.

Marketing and research are not alone. Economics is in disgrace. Free market economic theory assumes that human beings spend their lives making rational calculations about gains and loss.

But in practice, these rational assumptions about 'homo economicus' are misleading, to say the least. People use subjective and often dis-

The pre-crisis magic carpet here is clear: borrowing without too much concern. In the crisis images, financial stress, insecurity and distrust of banks take priority. Post-crisis the need is for caution and a back to basics image is called for



ruptive rules of thumb to take major let alone minor economic decisions, as is being revealed in the new 'Behavioural Economics' (3).

The next chapter

Out of the stresses, anxieties and depression the crisis has created, and is still likely to create for many at the eye of that tidal storm, our evidence suggests a new vision. Marketing, market research and communications are powerful tools to help lead consumers into the future.

Consumers want to go beyond the crisis to a new reality. The curves they idealise post-crisis look like this (those shown in the diagram above), up but qualitatively different from the past: it is more 'V-shaped' in BRIC markets.

Post-crisis expectations

This next chapter has yet to be written. As slow growth returns, we draw the following conclusions and action points:

1. The scars of this crisis will be with us for some time, influencing the ways consumers think and feel. We need to soothe those scars.

2. New needs are evolving in which Consumers are seeking a new reality from brands and communication. We need to create that future.
3. Consumers have been, and still are, going through profound psychological changes. We need to treat and track that psychology.
4. There is a new segmentation based upon responses to the crisis, which goes well beyond conventional pre-crisis targeting. We need to track that too.
5. There are vivid ways of understanding the likely post-crisis experience through visualisation and storytelling. We need to immerse ourselves through them in the minds, hearts and guts of consumers.
6. We find that brands are 'benevolent psychotherapies', helping people to cope. We need to position brands as therapeutic, providing comfort, support and relief from the emotional impacts of the economic crisis.
7. Brand therapy goes even further than this. We need to take people 'up', just as the best psychotherapy does.
8. There are new models in psychology to help us achieve these goals.

We need to apply cognitive behavioural therapy to consumers, and arguably ourselves.

Post-crisis consumers are looking for more from marketing. They are moved by more sophisticated emotions, a new morality, new needs and a new intelligence as a result of their experiences.

These go beyond sheer measurement or yet another qual insight. They are looking for leadership and clarity. 🍀

*Peter Cooper is chief executive officer and Simon Patterson is managing director of CRAM International, London
peter.cooper@cramqiq.com*

References

1. Cooper, Peter (2009), *How the Economic Crisis is impacting on Mental Health and Wellbeing*, Annual Conference of the British Psychological Society: Special Session on the Economy
2. James, Oliver (2008), *The Selfish Capitalist: Origins of Affluenza*, London: Vermilion
3. Akerlof, G A & Shiller, R.J (2009), *Animal Spirits: how human psychology drives the Economy and why it matters for Global Capitalism*, Princeton UP