

Question in Project:

German Internet Panel (GIP) – Module "Inflation" November Wave 2014 (English Version)

Question Topic:

Politics/ Inflation

Construct:

Expected change of costs due to inflation

General Information:

Note: The item was tested in German. This is an English translation of the original German wording.

Question Text:

Currently, that is in July 2014, a person spends 1.500 Euro per month on food and clothes.

What is your estimate: how much is this person going to spend on the same foods and clothes in July 2015?

Please assume that neither the person's living conditions nor his or her consumer behavior is going to change, that is, he or she will purchase similar products and services as today.

[Eine Person bezahlt aktuell, also im Juli 2014, 1.500 Euro pro Monat für Lebensmittel und Kleidung.

Was schätzen Sie: Wie viel Euro wird diese Person für die gleichen Lebensmittel und die gleiche Kleidung im Juli 2015 bezahlen?

Gehen Sie bitte davon aus, dass sich weder die Lebensumstände, noch das Konsumverhalten der Person verändern wird, d.h. sie wird in 12 Monaten ähnliche Produkte und Dienstleistungen im gleichen Umfang wie derzeit nutzen.]

Instruction:

Please choose one answer. *[Bei dieser Frage können Sie nur eine Antwort geben.]*

Answer Categories:

Less than 1500 EUR [*weniger als 1500 EUR*]
1500 EUR
1515 EUR
1530 EUR
1545 EUR
1560 EUR
1575 EUR
1590 EUR
1605 EUR
1620 EUR
1635 EUR
1650 EUR or more [*1560 EUR oder mehr*]

Cognitive Techniques:

General Probing, Category Selection Probing, Specific Probing.

Findings for Question:

Roughly half of the respondents expect a price rise that matches approximately a 2% rate of inflation (1515 EUR – 1545 EUR), the value also presented as the expectation of the ECB later on. The rest of the answers are widely spread and all of the answer options but "1635 EUR" were selected.

The replies to the category selection probe ("*Could you please explain your answer in a little more detail? Why did you choose this value?*") reveal that the majority of the respondents understand that the topic of this question is inflation. 30% explicitly mention the word inflation (e.g. "*Rate of inflation around 2%*", ID 97) and another 56% explain their answer to question 1 with their expectations about the development of prices (e.g. "*Because I think that prices for food will continuously rise and the same goes for clothes*", ID 99).

Around 12% of the respondents state that they have either exclusively or partially thought about changing living conditions or changes in consumer behavior when answering question 1 (e.g. "*Prices for clothes might be affected by the summer sale*", ID 116). Hence, these respondents did either not understand, read or follow the instruction in this question (which specifically states that the living conditions of the person do not change).

Moreover, some participants expressed (here and also at later stages of the survey) that the amount of 1.500 EUR the person in the example pays for food and clothes is far too high, inappropriate or unrealistic (e.g. "*I don't have that much money to my disposal*").

in total, let alone only for food/clothes”, ID 155).

20 participants (19%) responded to the probing question how easy it was for them to answer question 1 with "rather difficult". The reasons they provide for their difficulties are:

- a lack of background information (e.g. *"Because normally you would have to consider a lot more aspects"*, ID 95),
- a lack of knowledge or interest in the topic of the question (e.g. *"I'm not an economist. Also, I haven't thought about this topic before"*, ID 120), or
- the fact that they have to answer the question with a specific number (e.g. *"I know for sure the prices are rising continuously, but I don't know at which percentage/year"*, ID 155).

Recommendations:

We recommend to lower the amount of money the person in the example spends on food and clothes and to highlight the instruction that the living conditions are still the same both optically and by modifying the sentence structure a little bit:

"A person currently, that is in July 2014, pays 500 euros per month for food and clothing."
[*"Eine Person bezahlt aktuell, also im Juli 2014, 500 Euro pro Monat für Lebensmittel und Kleidung."*]

"What do you estimate: How many euros will this person pay for the same food and clothing in July 2015?"

[*"Was schätzen Sie: Wie viel Euro wird diese Person für die gleichen Lebensmittel und die gleiche Kleidung im Juli 2015 bezahlen?"*]

"Please assume that the person's circumstances and consumption patterns will **not** change, i.e., he or she will use similar products and services in 12 months to the same extent as at present."

[*"Gehen Sie bitte davon aus, dass sich die Lebensumstände und das Konsumverhalten der Person **nicht** verändern werden, d.h. sie wird in 12 Monaten ähnliche Produkte und Dienstleistungen im gleichen Umfang wie derzeit nutzen"*].

"For this question, you can only give one answer."

[*"Bei dieser Frage können Sie nur eine Antwort geben."*]

Implementation of Recommendations:

No