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The economy is the talk of the town. What is the U.S. population saying back?

By Patricia Graham, CMO

The economy’s uncertain future is hard to miss – in the news, at work, or in our lives. How it affects attitudes and behavior has become the currency of pundits, boardrooms, economists, and soothsayers alike. Opt-in surveys of public confidence also abound; but what about a truly representative assessment of the U.S. population’s reactions to these turbulent times? Where can we get a snapshot of the public’s hopes, fears, and plans?

We asked 28,754 members of KnowledgePanel®, age 18+, the following question: “Do you consider the state of the economy to be better, worse, or about the same relative to one year ago?” 88% said it was worse, and ten percent said it’s about the same, with no differences appearing by race or gender, indicating a common view: “it’s worse.” It seems that we see ourselves as sharing the same boat.



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Q. Do You Consider the State of the Economy to Be Better, Worse, or about the Same, Relative to One Year Ago?<sup>1</sup>

	Gender			Ethnicity		
	Gen Pop	Males	Females	Caucasian	African American	Hispanic
	A	B	C	D	E	F
Unweighted Base	28,754	12,295	16,459	22,358	2,243	2,511
Better	2 <sup>CD</sup>	2 <sup>AC</sup>	1	1	2 <sup>AD</sup>	3 <sup>AD</sup>
Worse	88 <sup>BF</sup>	87	88 <sup>AB</sup>	88 <sup>AEF</sup>	87	86
About the same	10 <sup>C</sup>	11 <sup>AC</sup>	10	10	10	11
Refused	0 <sup>D</sup>	0	0	0	0	1 <sup>AD</sup>

Significance testing at the 95% confidence level relative to column referenced within each table

Yet what about the view of the future – that positive attitude for which economists look, in pulling a population out of a recession? Are there differing levels of multicultural optimism and pessimism?

Optimism – the Hispanic and African-American divide

It is clear that Hispanics and African Americans see the health of our economy one year from now very differently from Caucasians. In their survey responses, Hispanics were less likely than the general population or African Americans to say that the economy would get worse – 29% and 37% vs. 34%. In fact, 38% of Hispanics think there will be no change in the economy one year from now, a stasis view that their counterparts do not share (only 29% of African Americans felt the same way).

Q. Do You Think the Economy Will Improve, Get Worse, or Stay about the Same One Year from Now?<sup>2</sup>

	Gender			Ethnicity		
	Gen Pop	Males	Females	Caucasian	African American	Hispanic
	A	B	C	D	E	F
Unweighted Base	28,754	12,295	16,459	22,358	2,243	2,511
Improve	32 <sup>C</sup>	35 <sup>AC</sup>	30	32	36 <sup>ADF</sup>	32
Get worse	37 <sup>BEF</sup>	36	38 <sup>AB</sup>	38 <sup>AEF</sup>	34 <sup>F</sup>	29
Stay about the same	31 <sup>BDE</sup>	29	32 <sup>AB</sup>	30	29	38 <sup>ADE</sup>
Refused	1	1	1	1	1	1

We all have been attempting to predict how people will behave in the marketplace, given these fears and the differences in economic psychology among different ethnic and racial groups. In short, what might people change if the economy gets worse ... or if it gets better?

First, let's look at what each multicultural group said it would do, as a consequence of the economy getting worse.

Almost everyone under the "worse" scenario will change how much they spend. Over three-quarters of each ethnicity indicated that, if the economy gets worse, they will change spending habits.

Yet on a general population basis, we see much lower self-evoked changes in saving (48% say they might change how much they save) and investments (30% say they might change their investments). Within these behaviors, there are differences in predicted saving and investments by ethnicity. Hispanics and African Americans are less likely than Caucasians to change how much they save – 42%, 44% and 49%, respectively; they also may change how much they invest – 24%, 19% and 32%, respectively.

Q. Which of the Following Do You Think You Might Change as a Consequence of the Economy Getting Worse?<sup>3</sup>

	Gender			Ethnicity		
	Gen Pop	Males	Females	Caucasian	African American	Hispanic
	A	B	C	D	E	F
Unweighted Base	10,322	4,345	5,977	8,102	695	858
How much I spend	78 <sup>B</sup>	75	81 <sup>AB</sup>	78	77	79
How much I save	48 <sup>BEF</sup>	46	50 <sup>AB</sup>	49 <sup>AEF</sup>	44	42
The investments I may have	30 <sup>CEF</sup>	32 <sup>AC</sup>	28	32 <sup>AEF</sup>	19	24 <sup>E</sup>
None of the above	9 <sup>CF</sup>	11 <sup>AC</sup>	8	9 <sup>F</sup>	10	8
Refused	0	0	0	0	1	1

With an improving economy, it seems there is reason to believe that spending will bounce back: evoked spending changes ("I might change how much I spend if the economy improves") in the general population drop thirty-seven points to 41%, versus 78% when the economy is "worse."

However, we again have a difference in the predicted behavior of African Americans and Hispanics versus Caucasians under the improved economic scenario.

Specifically, Hispanics' and African Americans' responses to our question about changing "how much I spend" dropped by 30 and 26 points, respectively, from the "economy getting worse" response. In contrast, 37% of Caucasians indicated that they would change how much they spend if the economy were to improve – down 41 points from the indicated spending change if the economy were to worsen.

Q. Which of the Following Do You Think You Might Change as a Consequence of the Economy Improving?<sup>4</sup>

	Gen Pop	Gender		Ethnicity		
		Males	Females	Caucasian	African American	Hispanic
	A	B	C	D	E	F
Unweighted Base	9,627	4,458	5,169	7,434	873	818
How much I spend	41 <sup>D</sup>	40	42	37	51 <sup>AD</sup>	49 <sup>AD</sup>
How much I save	49 <sup>BD</sup>	47	51 <sup>AB</sup>	47	59 <sup>ADF</sup>	50 <sup>D</sup>
The investments I may have	31 <sup>CEF</sup>	34 <sup>AC</sup>	27	32 <sup>AEF</sup>	23	25
None of the above	20 <sup>EF</sup>	21	20	23 <sup>AEF</sup>	12	15 <sup>E</sup>
Refused	0	0	0 <sup>AB</sup>	0	0	1

As you can see, online survey research using a representative sample – such as KnowledgePanel® – can illuminate attitudes and behaviors, providing insights you can be sure of when making decisions in times of economic turmoil.

Knowledge Networks has a wealth of information about our panelists, who represent America – from lifestyles, to media use, health behaviors and attitudes to retail purchasing and much more. Enrich your next study, from segmentation to brand communication, with Knowledge Networks profile information.

*Patricia Graham is Chief Marketing Officer and Executive Vice President of Knowledge Networks. Over the past 32 years she has evaluated the marketing plan performance, advertising and communication plan effectiveness of hundreds of new and established brands.*

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1, 2, 3, 4. Significance testing at the 95% confidence level relative to column referenced within each table.