Laboratory test of survey questions on perceived and expected price development

EU WORKSHOP ON RECENT DEVELOPMENTS IN BUSINESS AND CONSUMER SURVEYS

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The Questions Laboratory

• Small group of respondents...
• ... so mainly qualitative conclusions.
• Allows testing different phrasings of questions
• Includes “meta questions” on the interpretation of the questions by respondents
• Possibility to discuss with respondents after actual test-interview
• Flexibility to adapt test during the test period
The test set-up

• Repetition of the 2002 Lab test
• Test various quantitative phrasings
• Test how respondents in general quantify price increases
Repetition of the 2002 test

• Similar results as in 2002 test for the current phrasing of asking about percentages
  – respondents have difficulty with percentages
  – high percentages, digit preference (e.g. 10, 15)
  – answers mainly based on frequent expenses
  – housing cost, insurance etc not included, even if explicitly mentioned in the introduction of the question
Various phrasings (1)

Two basic alternatives tested to avoid “percentage problem”:

• “suppose all things people spend money on in the course of a year, such as food, housing, clothes, home electronics etc, cost a 100 euro 12 months ago, how much do you think one would have to pay for the same today?”

• the same question, but with 2000 euro as reference amount (more or less one monthly income)

additional: how did your own expenses change?
Various phrasings (2)

- The alternatives did not yield more realistic answers (still e.g. 30%)
- Using amounts leads part of respondents to think about changes in spending, but they subsequently cannot distinguish between changes in price and in volume/quality
Quantification in general

- Respondents find it difficult to quantify “large”, “moderate” and “strong” price changes
  - answers not always consistent within the interview
- Quantification differs strongly between respondents
Main conclusions

- Trying to derive percentages by asking about amounts still gives unrealistic answers
- Respondents do not appear to have a stable concept of the quantity of overall price developments:
  - difficulty to distinguish real price changes from volume and quantity changes in spending
  - no overall package of expenditure in mind
  - trouble with quantifying in general for part of the respondents