

COMMUNICATION AND PERCEPTION



Voorburg-Group-
Meeting 2006

*“See how the Federal Statistical Office calculates
Gosh! Families have a net income
of more than 3700 Euros!”*

Hamburger Abendblatt of 14 May 2005

*“What about you? Do YOU have a net
income of 3753 Euros, too?
How federal statisticians calculate to
make families appear rich”*

Bild of 14 May 2005



Communication and perception

– Relevance for official statistics

Our calculations are correct. We are statisticians/economists. We supply objective figures. We are safe as long as we do not stray from the path of virtue ...

But what is the path of virtue? Does the truth lie in the CPI? Does an average income reflect reality? Do we need to take dissenting perceptions more seriously?

What is perception?

- Taking in a stimulus or a piece of information
- Classifying the information in accordance with personal experience
- Evaluation
- Everything else is filtered or produces resistance/anger

Statisticians need more knowledge about the essence of perception



Hans Albert, philosopher and economist



Thünen lecture addressing the famous
Association for Social Politics in Bonn

*“The strict delimitation from psychological theories has proved to be a hindrance to the progress of economic thinking... thus it is absolutely legitimate if economists, in order to **explain economic and social processes**, rely on behavioural theory to have a solid foundation taking **cognitive factors** into account.”* FAZ 30 September 2005

Goodbye, homo oeconomicus

People do not act in a strictly rational way

” Economists are frequently mistaken in their forecasts, because traditional economics does not take people’s emotions and concrete goals into account.”

Ernst Fehr, professor of Economics
at Zurich University



Examples beyond the field of statistics

rational

Wind Chill

emotional

Bird Flue

The discussion about things getting more expensive after Euro introduction lead to it being renamed “Teuro” = “Expenso”

Consumer protection has reacted politically

Federal Institute for Risk Assessment “What does a crisis cost?”
Conference on 5th September 2005 in Berlin

The Euro – Teuro discussion pinpoints the essence of the dilemma

CPI calculated correctly, perception was underestimated,
communication failed to an extent

Consequences: take perception seriously,
seek communication, look for partners

Partners: science and the media

The right balance: Take consumers seriously!
Do not manipulate facts! Communications strategy!



New communication strategies

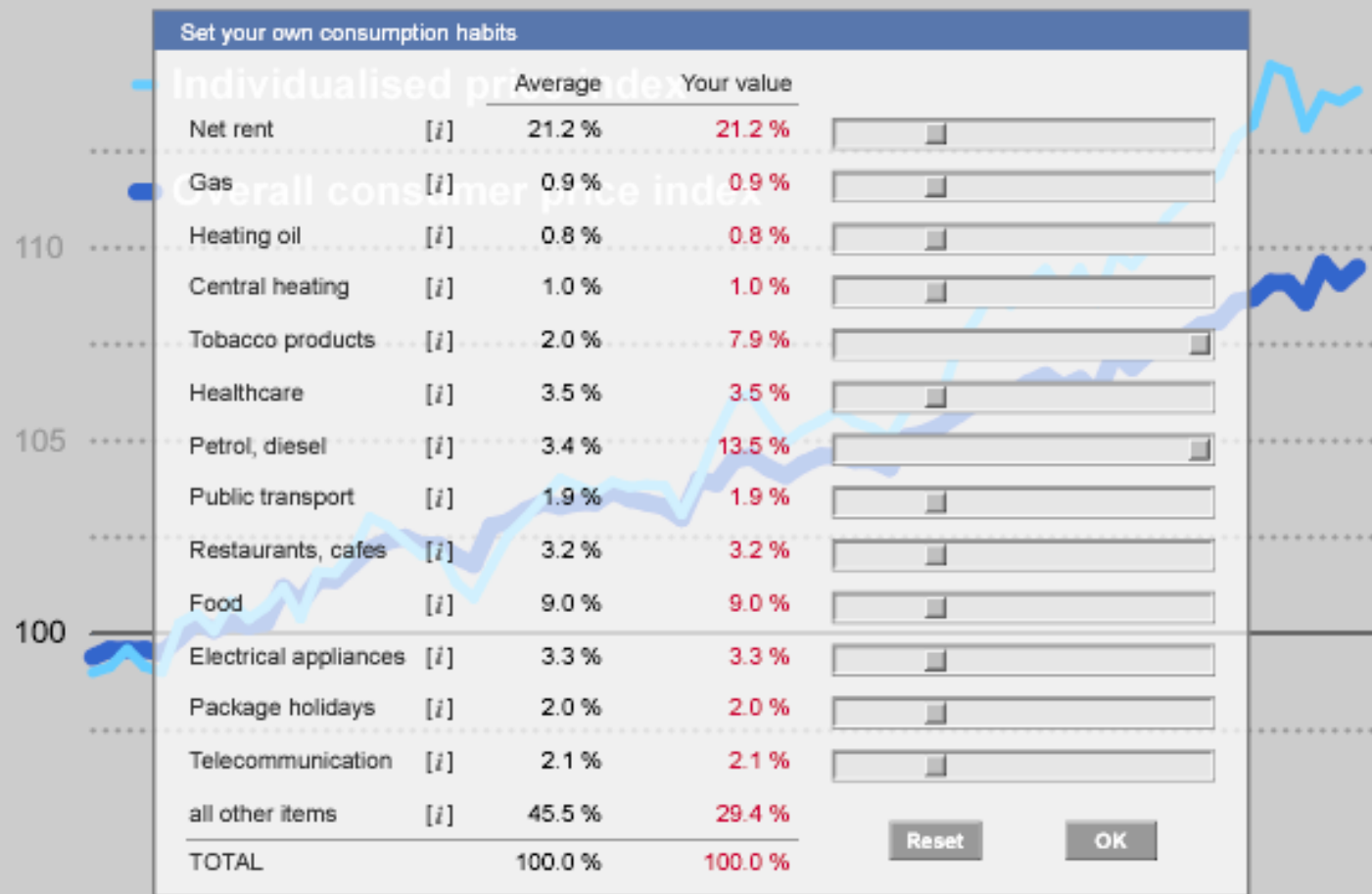
- „Personal CPI“ (1)
- „Index of perceived inflation“ (2)
- „Price monitor“ (3)

New Communication Strategy (1)– Personal CPI

“Virtual basket of goods and services”

- Influence of the weighting on the CPI
- Individual consumption habits
- Interactive tool on the Internet

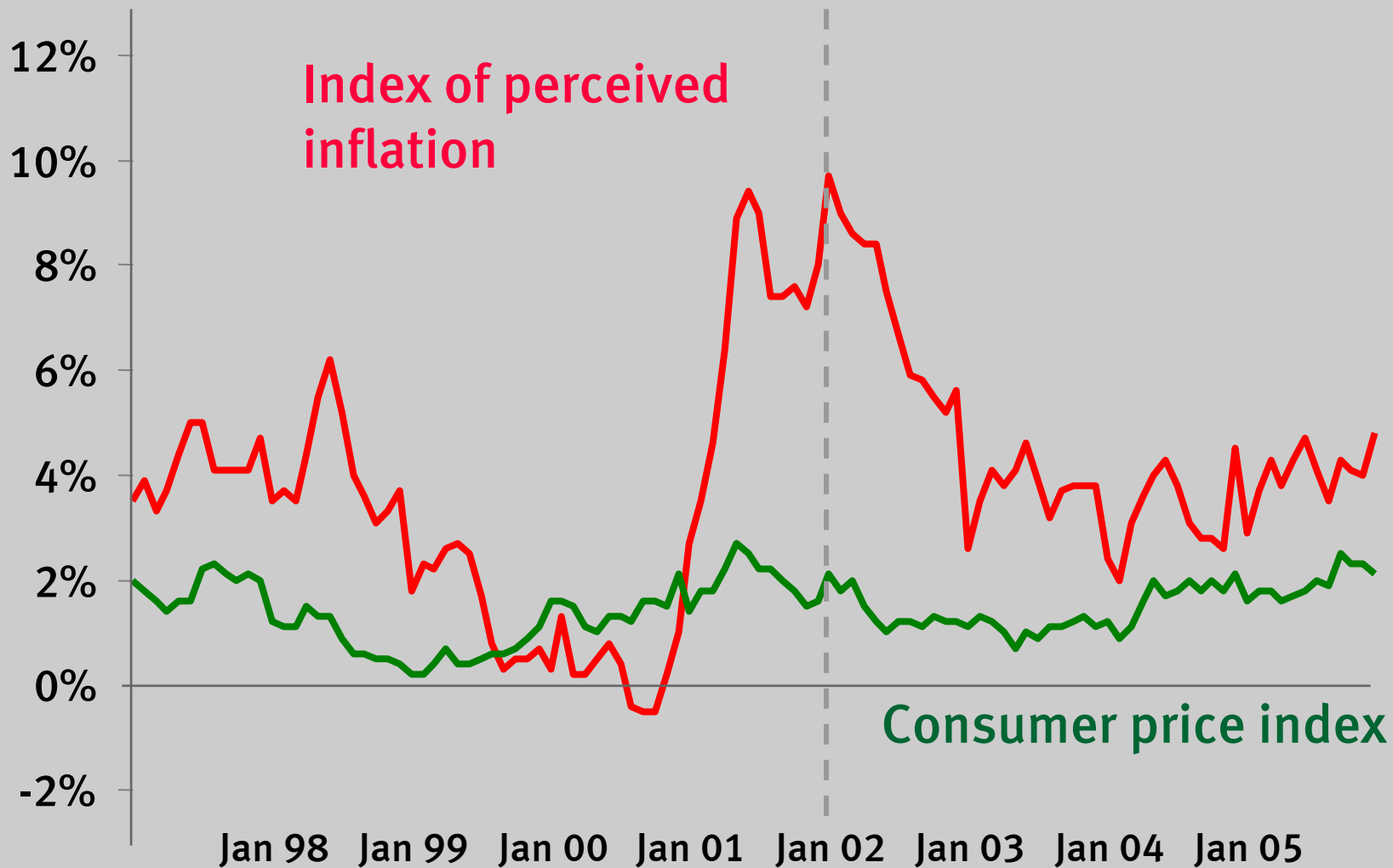
www.destatis.de/indexcalculator





New Communication Strategy (2) – Index of Perceived Inflation

- About 4 times greater than the official CPI growth
- Reason I: frequently purchased products
- Reason II: loss aversion



New Communication Strategy (3) - Price Monitor

- Reliable data for discussion about VAT rise
- Price trends of the last six years
- Frequently purchased products

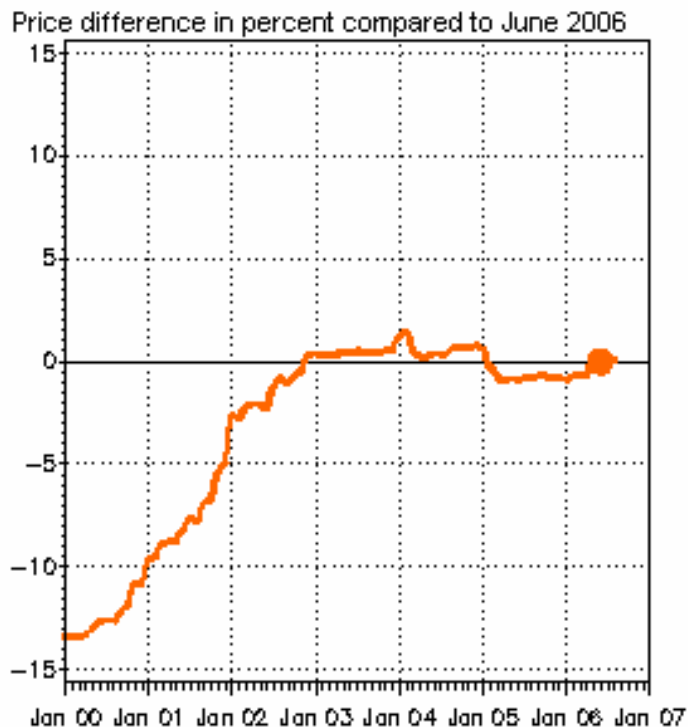
www.destatis.de/pricemonitor

Price monitor of the Federal Statistical Office

Observe the price trends for frequently purchased products!

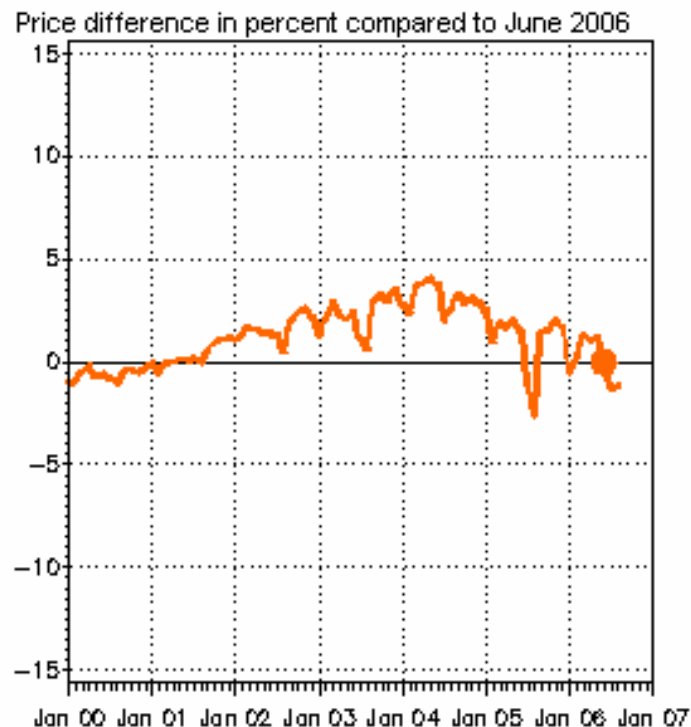
Rolls

(VAT rate remaining at 7%)



Ladies' jeans

(VAT rate rising from 16% to 19%)



Price monitor of the Federal Statistical Office

Food

- Rolls
- Liver sausage
- Cheese (Edam or Gouda)
- Full-cream milk chocolate

Drugstore articles

- Shower gel
- Toothpaste
- Dishwashing liquid
- Toilet paper

Car, transportation

- Regular gasoline
- Car wash
- Car repair: replacing brake blocks/pads
- Single ticket for public transport

Catering

- Beer in restaurants
- Mineral water in restaurants
- Meat dish in restaurants
- Bed and breakfast

... and 38 more types of goods and services

Complex environment – simple figures?

Numbers don't talk

Reality is more multifaceted.



Communication

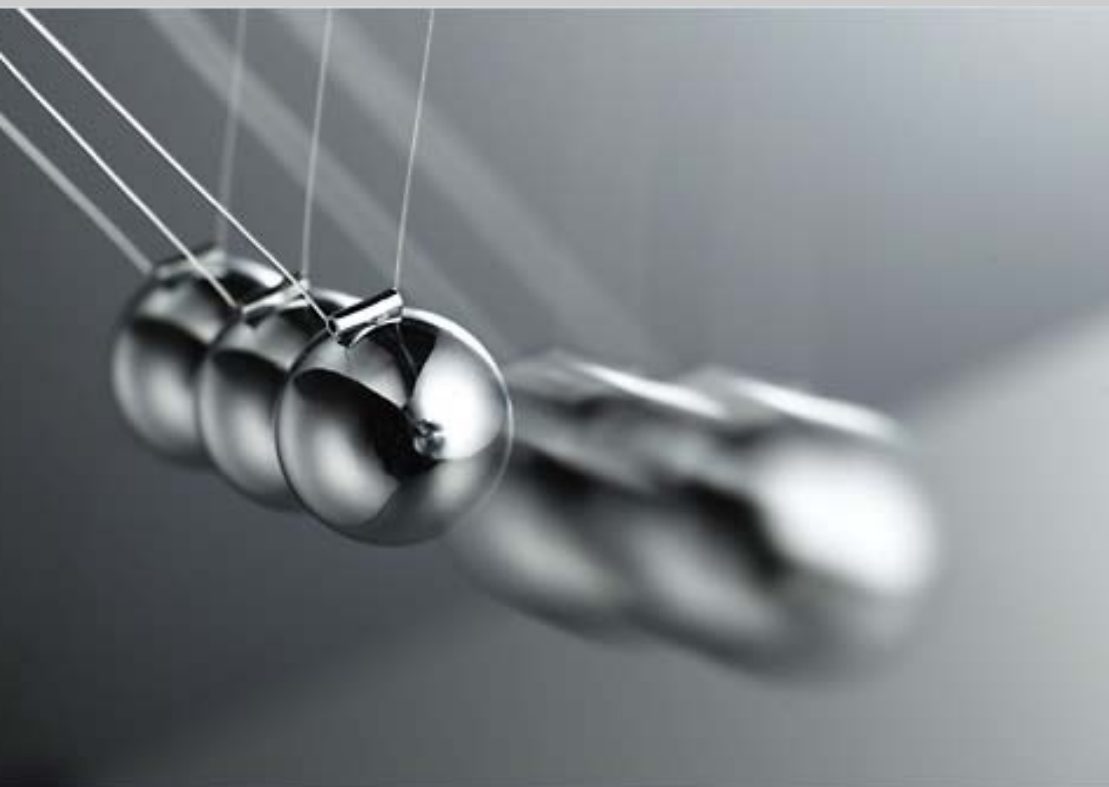
communicare = (latin) to share

- Interactivity between sender and recipient
- Direct or indirect

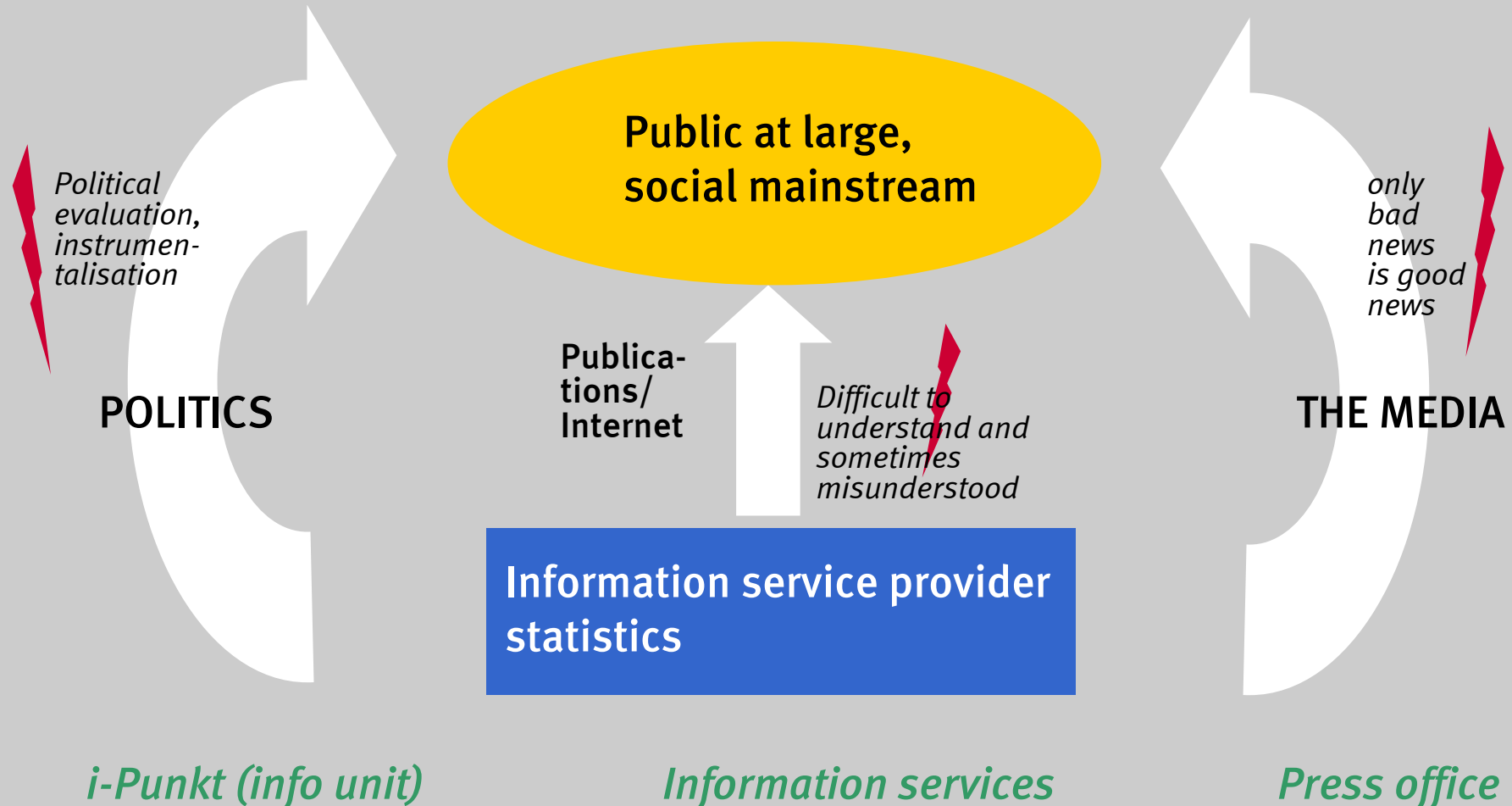


What is our main aim?

Newton's cradle: Information is received in the same form as we send it



Lines of communication



High public profile

Credibility as a matter of perception

- Institutional (statutory right, organisation, distance from government)
- Technical (trust in high methodological expertise, data quality, website)
- Taking a stance on values (responsibility, concern about the product, further utilisation, the press)

Fellegi *“A good reputation is easy to lose, but very difficult to establish”*
(UN Statistical Journal 2004)



Pool of ideas

Cross borders
in science

Take
perception
seriously

Practise
communication

Try something
small and new

Endure
contradictions

Courageously
confess to errors

Practise the
interpretation
of figures

Insist and
act

Admit
complexity

Don't be afraid
to share ideas

Make
allowance
for crises

Develop
ideals