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

“How 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

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
<table>
<thead>
<tr>
<th>Individualised price index</th>
<th>Average</th>
<th>Your value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net rent</td>
<td>21.2 %</td>
<td>21.2 %</td>
</tr>
<tr>
<td>Gas</td>
<td>9.9 %</td>
<td>9.9 %</td>
</tr>
<tr>
<td>Heating oil</td>
<td>0.8 %</td>
<td>0.8 %</td>
</tr>
<tr>
<td>Central heating</td>
<td>1.0 %</td>
<td>1.0 %</td>
</tr>
<tr>
<td>Tobacco products</td>
<td>2.0 %</td>
<td>7.9 %</td>
</tr>
<tr>
<td>Healthcare</td>
<td>3.5 %</td>
<td>3.5 %</td>
</tr>
<tr>
<td>Petrol, diesel</td>
<td>3.4 %</td>
<td>13.5 %</td>
</tr>
<tr>
<td>Public transport</td>
<td>1.9 %</td>
<td>1.9 %</td>
</tr>
<tr>
<td>Restaurants, cafes</td>
<td>3.2 %</td>
<td>3.2 %</td>
</tr>
<tr>
<td>Food</td>
<td>9.0 %</td>
<td>9.0 %</td>
</tr>
<tr>
<td>Electrical appliances</td>
<td>3.3 %</td>
<td>3.3 %</td>
</tr>
<tr>
<td>Package holidays</td>
<td>2.0 %</td>
<td>2.0 %</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>2.1 %</td>
<td>2.1 %</td>
</tr>
<tr>
<td>all other items</td>
<td>45.5 %</td>
<td>29.4 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0 %</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>
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
Index of perceived inflation

Consumer price index

Jan 98  Jan 99  Jan 00  Jan 01  Jan 02  Jan 03  Jan 04  Jan 05

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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

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

**Drugstore articles**
- Shower gel
- Toothpaste
- Dishwashing liquid
- Toilet paper

**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

Public at large, social mainstream

Information service provider
statistics

Publications/Internet

Political evaluation, instrumentalisation

only bad news is good news

Difficult to understand and sometimes misunderstood

i-Punkt (info unit) Information services Press office

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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

- Practise communication
- Courageously confess to errors
- Try something small and new
- Practise the interpretation of figures
- Insist and act
- Make allowance for crises
- Develop ideals
- Cross borders in science
- Take perception seriously
- Endure contradictions
- Admit complexity
- Don’t be afraid to share ideas
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